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Ibero-American Information Science Forum Closes

PY2405004194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2324 GMT 20 May 94

[Text] San Carlos de Bariloche 20 May (NA)—The Fourth Ibero-American Congress closed its debates today with the reading of the final recommendations from each of the four commissions in which the congress was divided.

The commissions debated the following topics: Commission No. 1, state reform; Commission No. 2, community law; Commission No. 3, the three rights and freedoms of the individual; and Commission No. 4, technological compatibility.

Commission No. 1 recommended that the region's governments "should establish the dissemination of information through data transmission networks in the fields of education, science and technology, economy, health, and justice, thus favoring the Ibero-American integration process."

In the political-judicial aspect, it recommends "the need to promote an overall plan for judicial reform, including the development of its overall conversion to data processing, and it also must contemplate an adequate training of judicial branch magistrates, officials, and employees."

It also suggests that it would be convenient to "create a permanent development and integration center within the administration of justice to apply new technologies with the objective of obtaining, classifying, storing, and disseminating its facts."

The commission that debated community law discussed "the scope of the flow of data that crosses borders in relation to the rights of the citizen." In this respect, the commission stated: "International agreements must attune their ideas to prevent unequal legislation in the member countries from stopping the inappropriate use of technical practices, thus compromising the fundamental rights of the individual."

It is recommended that "a community right that contemplates the problems of data processing should be quickly implemented" within the framework of the Common Market of the South and other integration systems.

Regarding the rights and freedoms of the individual, it has been proposed that "the rights and freedoms of the individual be protected against the bad use and abuse of data processing when applied to the use of data, thus guaranteeing human dignity."

It also has been recommended that "self-determination regarding information, when it is understood as the right of the individual to control the inclusion and processing of his personal data in data banks and its dissemination, will be legislated through an express constitutional norm as a fundamental right in order to preserve the individual's identity, dignity, and freedom."

To this effect, it was suggested that "specific legislation be approved to regulate, in an overall manner, this right to self-determination regarding information."

Regarding ethics, the need was proposed "for formulating ethical rules of conduct that will include respect for the dignity, identity, freedom, and security of the human being, and a spirit of cooperation between the world's nations with the intention of helping the less developed countries have access to knowledge in electronic technology regarding information and communication."

The recommendation in the field of education points to the "incorporation of the tools that offer new technologies in the dealing of information in the educational and research processes at all levels in Ibero-American countries."

Finally, Commission No. 4, harmonizing of technology, proposes that "training be given every privilege and that universities be given a more active role, including the generation of interdisciplinary development and the strengthening of research as a service to the community."

It has also been recommended that "computers must be made easier to use if there is the intention of seeking solutions to help with the work of all persons who use computers because it is not possible to readapt the tasks on the basis of technological solutions if certain users cannot use that technology."

Some 402 legal experts and specialists from Latin American countries, the United States, Spain, France, Italy, and Belgium participated in the congress.

Gore To Hear of Central American Need To Define Commercial Ties

PA2405002594 Mexico City NOTIMEX in Spanish 2252 GMT 23 May 94

[Report by Jose Luis Castillejos]

[Text] Guatemala City, 23 May (NOTIMEX)—Central America will reiterate to the United States the need to define commercial ties between the United States and Central America in relation to NAFTA, regional official sources reported today.

The regional proposal will be presented to U.S. Vice President Albert Gore on Tuesday, when he will meet with the Central American presidents in Tegucigalpa, Honduras, diplomatic sources added.

Sources told NOTIMEX that the area presidents will propose an interdependence relationship "between a program for peace and an agenda for development" to Gore.

According to a preliminary document yet to be discussed by the presidents before presenting it to Gore, a renewed international solidarity, "that goes beyond traditional assistance," will be demanded.

The sources said the Central American presidents will propose that the United States negotiate a "parity" or a "full rights" incorporation into NAFTA, whose members are the United States, Mexico, and Canada.

The draft document says the presidents will ask the United States to expand access of Central American products to the U.S. market, particularly within the context of the Caribbean Basin Initiative [ICC]. ICC is a U.S. Government program that provides tariff exemptions for Caribbean basin countries.

In addition, Rodolfo Doughterty, coordinator of the Central American Parliament's Export and Investment Commission, said that the Central American governments will demand recognition of their countries' productive capabilities. "Central America's incorporation into international markets is the highest priority in the presidents' agenda," he said. Central America is on its way to becoming a "model" region for the solution of conflicts. It is a region interested in consolidating peace and democracy through overall development, a diplomatic source commented.

In the 1980's, Central America suffered armed conflicts that resulted in the deaths of thousands and the displacement of hundreds of thousands of people. The region seems to have attained political stability in this decade, however.

In 1993, the 14th Regional Presidential Summit stated: "Decades of suffering and sacrifice have left the Central American people with deep scars but also with the necessary political maturity to admit that we need each other and that we cannot develop by excluding others."

Nevertheless, the document "Commercial Relations Between Central America and the United States," issued by the UN Program for Development [PNUD], admits that the world market does not operate in the region according to the perfect competition rules.

The Central American governments expect NAFTA to yield to them benefits similar to those obtained by Mexico, official sources said. The benefits that Washington grants Central America through ICC are less than those obtained by Mexico because, while Mexico does not have to pay tariffs for the export of its products to the U.S. market, the Central American countries still do, the sources pointed out.

Central America's trade with the United States is worth nearly $5.6 billion, with Mexico it is $556 million, and with Canada it is nearly $195 million, according to official sources.

Rodolfo Prez, president of Guatemala's General Association of Farmers [AGA], said there is interest in learning what will be the U.S. position regarding Central America. "We desire an opportunity with the United States. We do not want NAFTA to leave us out," he said.

According to the Central American countries, NAFTA could divert the trade or the investments of its most important member, the United States, toward Mexico, particularly regarding the export of agricultural products, textiles, and clothing, according to experts.

A document issued by the Central American Integration Secretariat, to which NOTIMEX had access, proposes to expand the area covered by ICC and the General Preferences System [SGP] so that more products of the region can receive special treatment. SGP is a system whereby the industrialized countries give a nonreciprocating preferential treatment to developing countries' products. Trade between Central America and the United States deals mostly with agricultural products.

This aspiration for preferential treatment was voiced recently by Guatemalan President Ramiro de Leon Carpio, who said: "With the end of the Cold War, we have a chance to become incorporated into the region, strengthen the democratic process, combat poverty, ensure respect for human rights, and advance toward modernization."

Costa Rican, Honduran Presidents Preview Meeting With Gore

PA2305201694 Tegucigalpa Voz de Honduras Network in Spanish 1250 GMT 23 May 94

[Telephone interview with Costa Rican President Jose Figueres Olsen in San Jose and Honduran President Carlos Roberto Reina at the Presidential Palace in Tegucigalpa, by unidentified reporters at the Voz de Honduras studios in Tegucigalpa; from the "The Morning Paper" newscast—live]

[Excerpts] [Figueres] We are concluding the final details of our visit this morning. We have a great deal of hope and expectation. We are ready to spend this afternoon with you and, tomorrow, to attend the Central American presidents' summit with U.S. Vice President Gore. We hope this meeting will enable us to achieve progress in some of the topics that interest us in Central America and areas in which friendly countries can continue helping us.

[Reporter] Regarding the topics that will be discussed with the U.S. vice president, in your view, which are the most important ones that interest Central America as a whole?

[Figueres] Well, the trade topic is obviously of great importance. Each of our countries conducts a great deal of trade with the United States, and, in view of the signing of NAFTA by Canada, the United States, and Mexico, we cannot be left behind and lose a relative advantage with Mexico in both the areas of attracting investments and our competitiveness in this market.

In addition to the trade topic, I think another topic that is of great interest to us is the strengthening of democratic institutions in our region, not only during the electoral process every four years, but the strengthening of the various mechanisms and institutions that consolidate our democratic systems between elections.

Of course, other topics of great interest to us are environmental issues and sustainable development. God has given us a region that has a great amount of biodiversity. It has exceptional characteristics in terms of the international community, and we should take advantage of our natural resources in an effort to achieve greater overall benefit from them in terms of our production. Nevertheless, we must still protect these resources for future generations.

[Reporter] President Figueres, at this time, Honduran President Carlos Roberto Reina wants to greet you over the Voz de Honduras Network, which has made possible this dialogue between the two of you in advance of the mini-summit of Central American presidents and U.S. Vice President Al Gore.

[Reina] Good morning, my friend, dear Jose Figueres Olsen. We are anxiously waiting to embrace you and, at dinner tonight, to discuss the points we will broach with the U.S. vice president tomorrow. What you said moments ago about sustainable growth and the strengthening of democracy is the implementation of what we both promised in the election campaigns that brought us into office. In the campaigns, we spoke about uniting Central America. We spoke about combined growth with a human face and about jointly facing economic problems to benefit our people. I am waiting for you today, my very dear distinguished friend. [passage omitted]

[Reporter] Let us return to San Jose for the Costa Rican president's final message. Thank you for having participated in this dialogue with President Reina. President Figueres, please give us your message to the Honduran people, who are waiting for you with open arms in Tegucigalpa.

[Figueres] Thank you, Voz de Honduras, for the opportunity to participate in this joint interview. I think this is the first such interview that has ever been held in Central America. I hope there will be more. If there is something we need, it is to strengthen our ties and relations, shorten the distances between our countries, and to discuss our problems, challenges, and our hopes about Central America's future. I am optimistic by nature, and I think that despite the region's problems, we are pushing ahead with work, devotion, and effort. The results will be good.

[Reporter] We will now have a final message from Honduran President Carlos Roberto Reina, whom we also thank for accepting Voz de Honduras' invitation. We have had President Figueres on the line directly from San Jose. Go ahead, Dr. Reina.

[Reina] I think the Central American dialogue has already begun for this meeting with the U.S. vice president. I warmly congratulate the media which have cooperated with us. It is extraordinary how the Central American people can be informed immediately and how they can follow events to form their own opinions about such important meetings.

Foreign Ministers Hold News Conference

PA2305235194 Tegucigalpa Voz de Honduras Network in Spanish 1847 GMT 23 May 94

[News conference by Honduran Foreign Minister Ernesto Paz and Guatemalan Foreign Minister Gladys Maritza Ruiz de Vielman with unidentified local and foreign reporters at the Foreign Ministry in Tegucigalpa—live]

[Text] [Paz] I am honored to introduce to you the ministers seated at the main table. From left to right, they are Panamanian Deputy Foreign Minister Carlos Cordero; Salvadoran Foreign Minister Miguel Angel Salaverria; Belizean Foreign Minister Dean Barrow; Guatemalan Foreign Minister Gladys Maritza Ruiz de Vielman, spokesperson for the Central American foreign ministers; Costa Rican Foreign Minister Fernando Naranjo; and Nicaraguan Foreign Minister Ernesto Leal Sanchez. I will now pass the microphone to the Guatemalan foreign minister, who will be the spokesperson for this meeting.

[Ruiz de Vielman] Good afternoon. As spokesperson for the Central American foreign ministers, I welcome the members of the media and thank you for your coverage of this event, which is very important for the region.

We have held a special meeting in Tegucigalpa, Honduras to discuss matters of interest for Central America. We have also taken this opportunity to discuss subjects we will present tomorrow when the Central American presidents meet with U.S. Vice President Al Gore in Tegucigalpa.

We have discussed topics of special interest for all our countries. Specifically, we have discussed an alliance for sustainable development. This is a novel and very important concept for the region because sustainable development can be the axis around which the policies of the governments of the region revolve so our countries and the Central American region become a pilot plan for sustainable development.

We have also discussed trade issues in preparation for tomorrow's presidential meeting. We reviewed the possibility of receiving the same benefits Mexico receives from the United States. This initiative has been discussed in our region, and our ambassadors have also reviewed the subject in Washington.

Another important point on the agenda is the induction of the United States as an extraregional member of the Central American Development Bank. The fourth subject was the international conference for peace and development to be held in Tegucigalpa in October.

Those are basically the points we discussed, and as always, the discussion took place in the usual climate of cordiality and cooperation, as is the case with all Central American meetings.

[Reporter] I would like to know if you have discussed whether Central America will have a unified stand on Haiti.

[Ruiz de Vielman] The topic of Haiti was not addressed. We did not consider it in our agenda because it is not a regional topic. These are topics that would have to be addressed at the bilateral level by each country.

[Reporter] Could you expand on the issue of commercial relations with the United States? What will Honduras' position be?

[Ruiz de Vielman] The Central American region's position is one of requesting that the advantages we have under the Caribbean Basin Initiative not be harmed in any way by NAFTA. For some time, we have been asking the U.S. Government to give us the same benefits that Mexico enjoys. This is an initiative that has been promoted for some time. These efforts will take several months, but we are confident that at some time, we, as a region, will enjoy treatment equal to that of Mexico.

[Reporter] Do you have any specific data on this U.S.-Central American alliance?

[Ruiz de Vielman] Last November, the Central American presidents proposed the Alliance for Sustainable Development Initiative to President Clinton. We hope to discuss it tomorrow with Vice President Gore, as he is well aware of this matter. He is even the author of an important book on the subject. Sustainable development is a very innovative concept which allows governments to streamline their policies for fighting poverty, undertake democratization, and deal with other state issues within the general context of protecting the environment.

[Reporter] What will happen to Salvadorans in the United States? There is some concern that the Trifinio Plan will create difficult situations for Guatemala and Honduras, as the over one million Salvadorans who have to return to the country may be relocated there.

[Ruiz de Vielman] The foreign ministers' meeting held today did not deal with bilateral problems or situations of particular states. The Salvadoran immigrant problem is a bilateral issue between the United States and El Salvador.

[Reporter] Costa Rican President Jose Figueres Olsen has [words indistinct] countries which help clean the air must receive some benefit for this service to humankind. The proposal basically states that countries like the United States and Canada, which has pollution-producing companies, must compensate countries that favor [words indistinct]. Will you discuss this proposal tomorrow?

[Ruiz de Vielman] We believe that some aspects of sustainable development policy are technical. In this foreign ministers' meeting, we have expressed our government's commitment to adopt the philosophy of sustainable development as a guiding policy principle. For the time being, we will not refer to specific projects or cooperation accords.

[Reporter] What should Central America expect from Al Gore's visit?

[Ruiz de Vielman] Central America should expect a [word indistinct] dialogue, a dialogue within the framework of cooperation and friendship.

[Reporter] Central Americans have great expectations for the arrival of the U.S. vice president. [Words indistinct] sustainable development, but these countries, with an enormous foreign debt, earmark large portions of their budget for debt payments. [Words indistinct] being taken to make sustainable development a reality.

[Ruiz de Vielman] Given our limited time tomorrow, some important points, such as the one you addressed, will be deferred for discussion by technical groups. The issue is important, but all our governments will deal with it bilaterally.

[Reporter] Will the foreign debt issue be raised with Mr. Gore?

[Ruiz de Vielman] The foreign ministers have not yet reached a decision on that. I do not know if the presidents will discuss it later.

[Reporter] First, will there be any request for special treatment for Central America regarding foreign debt payments and negotiations with international credit organizations? Second, how united is Central America in light of the fact that Costa Rica has already begun bilateral negotiations with Mexico?

[Ruiz de Vielman] Regarding foreign debt negotiations, I reiterate [words indistinct] thus far during this meeting, we have not decided to discuss this topic. Regarding Central American unity, we believe that following recent elections in the area, Central America is being strengthened by new leaders who favor regional integration and cooperation. We think Central America is advancing along the path of integration and full cooperation.

[Reporter] What about the foreign debt Central American countries have with the United States? Would it be possible to [words indistinct] with the U.S. vice president to reach a solution? Could you tell us more about the peace and development plans that will be discussed during the meeting [words indistinct] in our country?

[Ruiz de Vielman] I reiterate: The foreign debt is not on the foreign ministers' agenda, but we will consider the many questions that have been raised on the matter. As for the peace and development meeting in Tegucigalpa, we think it is very important because we will discuss topics of great interest to everyone. All foreign ministers are making a special effort to contribute ideas and work toward the conference.

[Reporter] Who prepared the agenda for this meeting with the U.S. vice president? Considering Central America's huge foreign debt problem, it is inconceivable that this issue was not included.

[Ruiz de Vielman] The agenda was drafted by the Central American technical groups, which arrived in Tegucigalpa two days ago. These groups chose regional topics and outlined the agenda while taking into account the limited time available on 24 May.

[Reporter] Will there be any proposals to reduce the size of Central American armed forces since the area is no longer plagued by war?

[Ruiz de Vielman] I reiterate: That topic is not on the agenda. We have tried to focus on regional topics excluding those issues involving bilateral or individual interests.

[Reporter] Since the topics that interest us most are not on the agenda, could you be more specific about the Central American proposal to the U.S. vice president and sustainable growth? What specifically is this proposal about, and what can we expect from this meeting with the U.S. vice president?

[Ruiz de Vielman] The idea of this meeting is not to make specific requests concerning the way issues are focused on. The idea with regard to sustainable growth is to express to the U.S. Government the willingness of the states, individually and as a region, to accept the concept of sustainable growth as a government objective, which will guide our policies in that direction.

In addition, we want to tell the United States that we are already organizing at the technical level the adequate mechanisms that will lay the groundwork for advancing in that direction as a region. That will be one of the topics we would like to address in the Summit of the Americas at the end of the year. For the time being, we want to express our political willingness to direct our actions along this path. Above all, we will also request parity for area countries within the framework of the benefits the United States granted Mexico and, at a given time, joining or becoming cosignatories of NAFTA. Joining NAFTA would be our second initiative in the commercial area.

[Reporter] Considering the U.S. vice president's environmental background and [words indistinct] in the past years of U.S. companies dumping toxic waste in Central America or establishing industries that pollute the environment, will this issue be discussed with the U.S. vice president?

[Ruiz de Vielman] Of course. The fact that Central America is embracing a philosophy related to sustainable growth necessitates a position that will not allow any other country to bring polluting industries to the area. This is part of the general concept we will discuss as the initiative and as the guideline for government policies we will implement.

[Reporter] [Words indistinct] total parity or only in a few areas?

[Ruiz de Vielman] We do not know exactly what will be open to the region, but we believe it will be partial. We do not know what eligibility criteria will be used for such a parity. We only have general information, but tomorrow when we make the request we are going to try to get the U.S. Government to define more clearly the extent of the coverage and the eligibility criteria.

[Announcer] The news conference held by the foreign ministers has just ended. Guatemalan Foreign Minister Gladys Maritza Ruiz de Vielman has just finished speaking. She is also the spokeswoman for this special foreign ministers' meeting.

Andean Textile Companies Disagree on Asian Imports

PY2105000994 Madrid EFE in Spanish 1657 GMT 20 May 94

[Text] Lima, 20 May (EFE)—Business people from the Andean Group (Bolivia, Colombia, Ecuador, Peru, and Venezuela) garment industry and textile companies disagree over the textile industry's request to restrict Asian clothing imports.

The Andean Textile Federation proposed the establishment of minimum quotas and prices to the Cartagena Agreement Board (Junac) to restrict Asian textile imports that enter the region with undervalued prices. The Andean Garment Federation openly opposes that proposal because it believes the free market "is enough to face the unfair competition."

The garment industry also believes the quota system "is self-defeating because just as quotas would be imposed

on Asian products, quotas could also be imposed on buying raw material in those countries and that would hurt us."

An organization spokesman said Junac experts, who apparently will meet in Lima today to discuss the issue, will resolve the disagreement as a last resort.

Andean Group Proposes Liberalization of Service Trade

PA2405033994 Mexico City NOTIMEX in Spanish 0409 GMT 21 May 94

[Text] Caracas, 20 May (NOTIMEX)—Today, the Andean Group approved a proposal to liberalize the services trade in the region, Venezuela's Foreign Trade Institute (ICE) reported. The proposal calls for full liberalization of the services trade in seven years. During that time, negotiations would be conducted to establish a market and a legal system in the Andean countries.

In the proposal, the delegates from Colombia, Bolivia, Ecuador, Venezuela, and Peru say the legal and juridical standards will be applied to all measures affecting the services trade. In addition, the services provided in the exercise of governmental authority, such as state purchases, will be excluded.

The proposal places priority on market access, national treatment, and the most-favored-nation clause, which is unconditional with the exception of agreements limited to adjacent border areas.

The plan, which must be approved by the Andean Pact's board of directors, stipulates the commitment to define community standards on subsidies for services one year prior to the implementation of the measure. The plan also provides for special transit methods, the temporary presence of persons, and the recognition and qualification of professional certificates, which cannot be valid for more than three and a half years.

The Foreign Trade Institute states that "the document emphasizes the need to create an Andean council for services trade to advise and assist member countries.

Businessmen Oppose Bilateral Treaties With Mexico

PA2405042494 San Salvador EL DIARIO DE HOY in Spanish 21 May 94 p 5

[Text] Representatives of the Federation of Central American Industrial Chambers and Associations (Fecaica) have said the signing of bilateral treaties between Central American countries and Mexico is jeopardizing fragile regional integration.

Juan Jose Gutierrez, Guatemalan Chamber of Industry president and Fecaica Guatemalan representative, said: "Aside from the treaty signed between Mexico and Costa Rica, we believe that as the Central American countries negotiate bilateral treaties with Mexico, they are jeopardizing the integration process, which is still fragile."

Carlos Enrique Rivera, Fecaica executive director; Luis Mejia, Salvadoran Industrialists Association president; and Gutierrez himself reported that one of the most important resolutions of the bimonthly Fecaica meeting was the need to negotiate any commercial treaty as a bloc.

We believe the efforts and work of so many years would be lost, and Central America would not be able to subsist without integration," added Gutierrez, also president of the Pollo Campero restaurant chain.

Fecaica representatives urged their Nicaraguan counterparts to "accompany Guatemala, Honduras, and El Salvador in negotiating with Mexico, which, in their opinion, will benefit Nicaragua. In addition, they said Nicaragua can negotiate preferential aspects that Mexico has offered .

Fecampco Agrees

Rivera added that the Federation of Central American Chambers of Commerce (Fecampo) and the Federation of Export Chambers (Fecaexca) agreed to support Fecaica's joint declaration in the sense that negotiations with third countries will be carried out jointly, not on a bilateral basis.

Fecaica representatives met on 20 May with Salvadoran Economy Minister Enrique Cordova, who informed the Central American industrialists of the progress made in negotiations with Mexico.

Another Fecaica resolution deals with the deadline the governments have established for signing the treaty, which is supposedly set for December of this year. In that sense, Leonel Mejia, president of ASI [Salvadoran Industrialists Association], said "signing a treaty quickly does not make it good."

Upon returning from a meeting with Mexican President Carlos Salinas de Gortari, Salvadoran President-elect Armando Calderon Sol recently announced his intention to sign a treaty with Mexico before the end of this year, if possible.

Foreign Ministers Inaugurate Neighborhood Commission

PA2405010594 Panama City ACAN in Spanish 1220 GMT 21 May 94

[Text] Contadora Island, Panama, 21 May (ACAN-EFE)—The island paradise of Contadora, which saw the birth of the first peace-keeping group in Central America, was the backdrop for the inauguration of the Colombian-Panamanian Neighborhood Commission meeting.

Colombian Foreign Minister Noemi Sanin de Rubio and Jose Raul Mulino, her Panamanian counterpart, gave

speeches noting the "historic" opportunity of this meeting. In view of the change of governments in their respective countries, this will be the ministers' last joint effort within the framework of the Contadora Group, an organization named after the island and founded in the eighties by Panama, Colombia, Venezuela, and Mexico as part of the peace-keeping efforts on the isthmus.

Agreements are expected to be signed on cultural issues, procedures for common border delimitation, the desolate Darien Gap, and a revision of terms for a ferry service to cross the Caribbean Sea and link the two countries.

Sanin praised Contadora saying Panama wrote "some of the most important pages of its integration and sovereignty" here. Mulino said: "We have now redeemed" its name because "the Panamanian dictatorship once spoke here of taking democracy to other nations."

According to the Colombian foreign minister, the Colombian-Panamanian Neighborhood Commission has gone beyond mere words and has contributed to a positive change in bilateral relations. She said Panamanian President-elect Ernesto Perez Balladares has guaranteed the continuity of the bilateral integration process and commercial opening.

Sanin hopes Panama will "quickly" join the Group of Three (Colombia, Mexico, and Venezuela) through the integration clause after its members sign the commercial agreement on 13 June.

The meeting will also serve to review regulations on the status of illegal immigrants in each country and the expansion of national parks for the protection of the environment.

Representatives of the banking and financial sectors also attended the meeting, a move that was greeted with enthusiasm by Sanin and Mulino, who head the commission.

The meeting participants will study the bilateral "open skies" policy and a proposal to recognize the dual nationality of Indians in border areas. Sanin stated: "We cannot deny it to them. They have always lived it and exercised it."

For his part, Mulino said the common border delimitation will become a reality before his term ends on 1 September.

The ferry that will link Cartagena de Indias (Colombia) and Colon (Panama) on the Caribbean Sea will begin operating on 4 December, it was explained today during the bilateral meeting in which private business delegations participated.

During its 16-hour transit, the ferry will be able to transport 400 passengers in 150 comfortable cabins, 20 trucks or buses, and 100 private vehicles. The ferry tickets will cost $85 to $150 per person per day, including all expenses, and $200 to $1000 per vehicle, according to its size.

Sanin was accompanied by Jorge Bendeck, public works and transportation minister; Communications Minister William Jaramillo; and Gustavo Gaviria, Colombian private sector representative. Mulino was accompanied by Panamanian Vice President Guillermo Ford and business leader Ricardo Aleman.

Cuba

Ministers Adopt New Product Prices, Service Fees

FL2305235394 Havana Radio Reloj Network in Spanish 1402 GMT 23 May 94

[Text] The National Assembly of the People's Government recently entrusted the government with the adoption of measures to gradually eliminate and avoid the repetition of the problems regarding excess currency that currently affect us, and which are an obstacle to Cuba's economic recovery. Among these measures was the possibility of raising the prices and fees of selected products and services that are not considered basic necessities.

Considering these elements, the Executive Committee of the Council of Ministers adopted, at the suggestion of the Ministry of Finance and Prices, several measures relating to prices and fees, and applicable from the date indicated in each case.

The first decision establishes retail prices for cigarettes sold in boxes of 20. In the case of (Rubio) cigarettes, the price will be 2.50 pesos for those sold through the basic controlled quota; 6.50 for those sold though controlled distribution; and 10.50 for those sold uncontrolled. In each of these cases, black cigarettes will be sold at 2, 6 and 10 pesos, respectively. These prices will go into effect for the next selling cycle which begins on 1 June.

In the meantime, until a balance is established between production and consumption, a measure leaning toward liberalization of cigarette sales could be developed at prices adjustable to market demand.

Regarding twisted tobacco [tabaco torcido], the agreement of the Executive Committee of the Council of Ministers establishes the following prices per unit, according to the conditions of sale: twisted tobacco through the controlled basic quota, one peso; twisted tobacco through controlled sale, which is currently a minimal figure, two pesos for Nacionales, Coronas, and the regular Cazadores; three pesos for the special Cazadores.

These prices will become effective for the next selling cycle which begins on 1 June. Corresponding prices for twisted tobacco of superior quality, which could be produced in the future, will be established for each case. With the stabilization of production and consumption, a policy leaning toward free sale of twisted tobacco at prices adjusted to the behavior of the market could be developed.

Beer distributed in a controlled manner will cost 1.20 pesos for a 350-milliliter container, 1.70 for a 500-milliliter container or its equivalent when sold in large quantities. The price for a bottle of rum will be 40 pesos for class A, 30 for class B, and 20 for class C. Brandy will cost 20 pesos per bottle. These prices will become effective for the next selling cycle beginning on 1 June.

As production and consumption are stabilized, measures will lean toward the free sale of beer and alcoholic beverages at prices adjustable to market behavior. In restaurants and recreation centers, prices will be adjusted according to increases in retail sales.

Fuel for private vehicles will carry the following prices: Special gasoline will be sold at 1.20 per liter; regular at one peso per liter; gas-oil or diesel, 75 cents per liter. These prices will become effective during the next sales cycle which begins on 1 June.

Fees for electric service to the residential sector will be as follows: the first 100 kilowatt-hours of monthly consumption, the current 9 cents per kilowatt-hour; between 100 and 300 kilowatt-hours of monthly consumption, 20 cents per kilowatt-hour; for over 300 kilowatt-hours, 30 cents per kilowatt hour. The new tariffs will become effective in September to be charged in October.

In the case of electric service, the agreement explains that the application of the new tariffs does not exclude the interruption of service for those consumers who repeatedly exceed the assigned monthly consumption plan.

Regarding transportation fees, the agreement establishes, with the exception of urban and suburban services, a universal increase of 60.8 percent in train transportation, 80 percent in airplane transportation, and 116 percent in nonurban bus transportation. Furthermore, apart from the boarding and [word indistinct] price, each ticket will have a minimum price. In the same manner, vouchers will be given to workers and students for transportation between their residences and work or education centers. Second-class train tickets for medium distance, interurban service and local service will be reduced.

Regarding fees for water and sewage service to the residential sector, the agreement proposes that the current tariffs for the metered water system be maintained and that a fixed rate of one peso per person per household be established for water service when consumption is not monitored by meters.

It has also been decided that fees for national and international postal and telegraphic services will be adjusted to the average of international costs and prices.

Furthermore, state entities are authorized, along with labor unions, to adjust and modify retail prices of meals offered at workers' cafeterias, a measure that will become effective on 1 July.

TRABAJADORES Criticizes Clinton Statements

FL2405000194 Havana Radio Rebelde Network in Spanish 1700 GMT 23 May 94

[Text] Today, TRABAJADORES published an article criticizing statements on Cuba by U.S. President William Clinton. In his article, reporter and analyst Nicanor Leon Cotallo points out that Clinton's recent statements on Cuba are part of the strategy suggested by

his advisers to obtain an electoral victory in the State of Florida. Leon goes on to say that Clinton's 20 May attacks on the Cuban Government demonstrate that obtaining a victory in that state during the 1996 elections has become an obsession for the president's team of advisers.

In his article, Leon states that this goes hand in hand with the viewpoint of the most extreme right and the intolerant factions of the Cuban community in Florida. Leon goes on to say that even though Clinton is not part of the extreme right, as his successors Ronald Reagan and George Bush were, he must know very little about Cuba, the only explanation for his error, or lack of precision in talking about a long history of cooperation and mutual admiration between Cuba and the United States.

Regarding Clinton's defense of the blockade against Cuba, the article in TRABAJADORES states that this contradicts the agreements of the UN General Assembly and the opinion of the principal U.S. newspapers.

Diplomatic Relations Established With Oman Sultanate

FL2405021294 Havana Radio Rebelde Network in Spanish 2300 GMT 23 May 94

[Text] Today, the Republic of Cuba and the Sultanate of Oman established diplomatic relations at the ambassadorial level for the purpose of continuing to work for the benefit of their respective countries and peoples.

Fernando Remirez de Estenoz, and Salim Bin-Muhammad al-Qusaybi, permanent representatives to the United Nations for Cuba and Oman respectively, signed the documents relating to that sovereign decision by the two countries during a simple ceremony held at UN headquarters in New York. During the ceremony, the representative of Oman described the moment as historic, adding that it would contribute to the prosperity of the two nations and peoples. Remirez, first vice minister of Foreign Relations, also agreed in describing this step as historic for the two states, governments, and peoples.

PRC Ambassador Visits Las Tunas

FL2305151694 Havana Radio Progreso Network in Spanish 1100 GMT 23 May 94

[Text] PRC Ambassador to Cuba Xu Yicong began a two-day visit to Las Tunas Province on 22 May. Xu Yicong will witness firsthand the Revolution's accomplishments in the province. Julian Lopez, Central Committee member and provincial first secretary of the Communist Party of Cuba, and Fransico Grave de Peralta, provincial People's Government president, greeted Xu Yicong at the house in which Las Tunas patriot Vicente Garcia was born. During his stay in Las Tunas, Xu Yicong will visit places of historical interest as well as service and production centers.

Alarcon Interviewed Before Leaving for England

FL2405014794 Havana Radio Rebelde Network in Spanish 2300 GMT 23 May 94

[Text] Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government [ANPP], said Cuba seeks, through the peoples' parliaments, participation of the entire population in the making of national decisions. In an interview granted to PRENSA LATINA, prior to departing for England on an official visit, the president of the ANPP harshly criticized what he called the fiction by the so-called representative democracies. Alarcon said such representation is limited to the electoral act, and that from that moment on, there is no relationship between the citizen who voted and the politician. National sovereignty is therefore limited to one day every few years.

Alarcon also referred to the experience gained by Cuba during the recent process, prior to the adoption of diverse measures to restructure the economy and the battle against illegal profit, preceded by celebration by more than 80,000 assemblies at work centers.

In discussing future participation of the ANPP in the application of the accorded measures, Alarcon said the ANPP is responsible for control of the practical application of those measures in a way never achieved by similar bodies in other political systems. Alarcon went on to say: We will control and oversee application of the national budget through the direct work of each entity or province in coordination with administrative authorities exchanging ideas for the reduction of subsidies and the increase of state income.

'Pernicious Conduct' in Tourism Investigated

FL2405020794 Havana Radio Rebelde Network in Spanish 2300 GMT 23 May 94

[Text] Antisocial behavior has proliferated regarding tourism development in our country. Today, the National Commission for Prevention and Social Attention, presided over by Comrade Vilma Espin, visited various tourist facilities in Havana City to verify ideas, opinions, and suggestions firsthand on pernicious conduct and its effects upon the image of national dignity. When we asked her opinion about tourism officials who believe that closing their doors to those elements would affect business in that sphere, Vilma Espin said:

[Begin Espin recording] Evidently, someone like that should not work in tourism or anything related to obtaining hard currency. They do not have the moral and ethical conditions required to do such delicate work, which is so important to the country. What we would accomplish by doing this would be nothing more than to discredit tourism in Cuba. I heard of some businessmen like that. It causes some concern among people who are sympathetic toward Cuba. No prestigious tourism organization in the world markets its product through an image of (?prostitution). [end recording]

Eastern Provinces Hit by Heavy Rains

FL2305131094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 23 May 94

[Text] Rain and electric storms continue affecting the Eastern Provinces, especially Guantanamo and neighboring Santiago de Cuba and Holguin, where rainfall has been intense. The meteorological institutes forecast there will be no major condition changes in the next hours. From reporter Angel Leon Cabrera in Santiago de Cuba, we have the following report on the damages caused by the rain.

[Begin Leon recording] Intense rain continues in Santiago de Cuba. According to information from the provincial capital released at noon, one person was reported missing in Guama and one person injured in Santiago. There are also reports that 1,057 homes have been affected. Of these, 43 of were completely destroyed and 245 partially destroyed. That figure could rise. A man showed me the roof of his house, which was about to collapse. This situation can be seen in several homes.

Ninety-two people remain evacuated. Damages to the electric system have increased. Because of damages to the fuel tanks, three units of the Rente power plant are completely paralyzed. There is also significant damage to roads and telephone lines. That is why information from those municipalities is limited. According to Ruben Vidaud, first secretary of the Communist Party of Cuba in Santiago de Cuba Municipality, the city has taken steps in case the situation grows worse.

After approximately one week of rain in Santiago, people are wondering how long this situation will continue. The intense rainfall begins at night and lasts throughout the night and into the morning. At dawn, they wake up to the images that we have seen. [end recording]

For its part, Guantanamo Province, which was also affected by intense rain, suspended classes until weather conditions improve, with the exception of mid-level classes at boarding schools. This Provincial Defense Council measure was taken to prevent accidents and deaths. Rosa Maria Fernandez reports from Guantanamo.

[Begin Fernandez recording] The people of Guantanamo are serenely confronting the adverse conditions caused by the rain since 18 May, especially yesterday evening and morning. There was intense rain, strong winds, and lightning throughout the day and a total of 123 millimeters of rain fell. The province has an average of 276 ml of rain so far this month, which is 40 percent over the usual average for May. The dams continue to overflow. The dam with highest capacity, (La Yaya), is releasing 525 cubic meters per second causing floods downstream. This has affected numerous agricultural areas.

Likewise, the dams close to the Salt mines in Caimanera are completely full, which has caused flooding in the lower areas. The municipalities of Yateras, Niceto Perez, El Salvador, and Maisi are completely cut off. Serious damage to the Farola road has rendered Baracoa completely inaccessible and has cut communications to Maisi. Also, Guantanamo Province does not have access to neighboring provinces by road or train.

This entire situation has brought about the evacuation of more than 7,800 people, 3,202 of which are being sheltered by the state. The rest of the people are receiving warm help at private residences from solidary neighbors and relatives.

So far, 764 homes have been affected by the storm, eight of which were completely destoyed. In that sense, the municipalities most affected are Guantanamo, Yateras, and Imias. It has also been necessary to evacuate more than 12,000 heads of cattle. The Provincial Defense Council's concern as well as that of the State's highest leadership, which has kept itself informed on the decisions made and solutions determined regarding each case, is constant.

There is a reason for saying water costs the people of Guantanamo a lot: sometimes because there is too little water; other times because there is too much. Nevertheless, we continue our struggles against nature because life goes on. [end recording]

Damage Agriculture in Santiago de Cuba

FL2405013394 Havana Radio Reloj Network in Spanish 1959 GMT 23 May 94

[Text] The rains that have fallen in Santiago de Cuba Province since 16 May have caused considerable agricultural damage. The sugar harvest has been completely paralyzed because of road conditions and flooding in the sugarcane fields. Meanwhile, other crops have also reported serious damage.

In Segundo Frente Municipality, 50,000 plantain plants, 2,500 coffee trees, a coffee plant nursery, and many caballerias of mixed vegetables have been lost. In the Julio Antonio Mella region, 50 caballerias of sugarcane are flooded. Provincial authorities estimate losses throughout the province.

Dominican Republic

Electoral Board Chief on Possible Runoff

PA2305211094 Madrid EFE in Spanish 1912 GMT 23 May 94

[Text] Santo Domingo, 23 May (EFE)—The holding of a runoff election in the Dominican Republic is possible if the opposition Dominican Revolutionary Party (PRD) demands it, Manuel Garcia Lizardo, president of the Central Electoral Board (JCE), said today. Nevertheless, the official explained that this proposal has not been presented to the JCE.

Last night, President Joaquin Balaguer's primary opposition in the elections, PRD presidential candidate Jose Francisco Pena Gomez, highlighted the need for "a

runoff election" as the "most honorable solution" to the Dominican Republic political crisis. According to Pena Gomez, "in all of the world's democratic nations, when the results of a general election are uncertain, a runoff election is held."

Garcia Lizado, meanwhile, rejected a PRD request to match the electoral list with the list of voters delivered to each voting table. Faced with the JCE president's refusal, PRD representative Leonor Sanchez Baret responded that her party would not participate in the revision of 9,528 vote tally sheets if the JCE does not first verify the voters lists.

The PRD demanded the JCE revise the tally sheets and compare the electoral tables' voters lists with the tribunal's list of voters, given the alleged manipulation or "displacement" [dislocamiento] of names and identification card numbers in favor of Balaguer's ruling party, the Social Christian Reformist Party.

In addition, Pena Gomez made accusations of discrepancies between the data issued by the JCE in its bulletins and the information contained on the computer disks given to the parties.

The PRD has been making accusations of fraud ever since the 16 May elections, claiming the "displacement" of voters lists, from which allegedly more than 200,000 PRD supporters and their allies of the so called "Santo Domingo Agreement" were excluded.

On Thursday, the JCE stopped the election vote count given the PRD and the international observers' demands and pressures.

To conclude the vote count, 2.23 percent of the 9,528 electoral tables distributed in Dominican territory still have to be counted. The JCE will also have to review more than 100 "challenged" and annulled votes before issuing the final results of the general elections.

Presidential Candidate Appeals for 'Peaceful Resistance'

PA2305204194 Paris AFP in Spanish 1750 GMT 23 May 94

[By "special correspondent" Arturo Gudino]

[Text] Santo Domingo, 23 May (AFP)—Jose Francisco Pena Gomez, presidential candidate of the Dominican Revolutionary Party (PRD), has appealed to Dominicans to engage in peaceful resistance "in favor of a patriotic solution" to the crisis unleashed by the controversial 16 May general elections.

In a televised appearance Sunday night [22 May], Pena Gomez also warned that the vote-by-vote count by the Central Electoral Board (JCE), which is scheduled to begin Wednesday, will be meaningless unless it is determined beforehand how many citizens were unable to vote. He also appealed for prayer meetings to be held Wednesday in churches nationwide and asked supporters to avoid confrontations with the Army and police.

A week after the elections, which the PRD called fraudulent, the JCE still has not proclaimed a winner.

Pena Gomez, a 57-year-old black leader, and veteran President Joaquin Balaguer, 87, who is seeking reelection to a seventh term in four decades, were the favorites in the presidential election.

According to Pena Gomez, the vote-counting center of the JCE [illegible] collusion with two of the JCE magistrates, staged a "colossal fraud" by altering the lists of voters, preventing approximately 200,000 people from voting.

For his part, Fernando Alvarez, vice presidential candidate of the PRD, opposed to the ruling party, said "five types of fraud" were detected in favor of Balaguer. Alvarez declared: "This crime cannot go unpunished. Whether it is with new elections or complementary elections in those places where irregularities were detected, Dr. Pena Gomez will be president of the Dominican people as of 16 August," the date established by law for the new government to take office.

In light of the charges of fraud, Balaguer's government, through the Nationalist Union comprising businessmen and intellectuals, launched an intense campaign, starting the middle of last week, alleging that the United States and France are seeking to merge the Dominican Republic and Haiti soon to quell the crisis in Haiti. According to the Nationalist Union, the post-electoral crisis is being used by Western powers to destabilize the country and eventually justify military intervention, after which the "merger" would follow.

The campaign has caused alarm in some sectors of the population, above all, among those less politically cultured, who speak openly in the streets of the danger of "integration" with Haiti. With a predominantly mulatto population of 7 million, Dominicans do not view their neighboring Haitians, mostly blacks who are illiterate and live in a state of poverty, in a good light.

Pena Gomez urged that whenever power outages occur, as took place frequently during the elections, the people go out and light candles on the sidewalks. "We must cover the sidewalks with burning candles," Pena told his supporters, urging them not to respond violently to "enemy provocations."

"In the face of fraud, we are not going to stand by," the PRD candidate stated. Equally as bad as interventionism—promoted by the ruling party—is continuing with the status quo, which he said has been the cause of all revolutions that have shaken humanity and the Dominicans in general.

On Monday, the city of Santo Domingo with 2.5 million inhabitants appeared calm and business activities appeared to have regained normalcy, but citizens remained gripped by tension and uncertainty.

Haiti

Special Committee Created To 'Manage' Sanctions

FL2305164694 Port-au-Prince Signal FM Radio in French 1030 GMT 23 May 94

[Text] This trade embargo does not apply to food and medicines. It went into effect against Haiti on the night of 21 May at 2359, that is, 0359 GMT on 22 May, following this country's military refusal to resign. Total calm reigns in the Haitian capital.

I am a hostage of the situation and I am organizing myself to survive, a small shopkeeper said in summing up the reactions observed a short time before the embargo went into effect.

The Port-au-Prince harbor worked until the last minute, unloading the hundreds of containers bringing, from everywhere, goods ordered from abroad intended to last for several months. The fuel-smuggling at the Haitian-Dominican border continued like in preceding days, done to survive by a destitute peasantry scurrying like ants, using empty plastic one-gallon containers once used to hold cooking oil.

On 21 May, the government of provisional President Emile Jonassaint, which is not recognized by the international community, announced a special committee had been created to manage the sanctions.

In point of fact, we are unfortunately accustomed to this tragic status quo. Therefore, [words indistinct] the owner of a small working-class restaurant comments with resignation, who like the man-in-the-street is convinced it is the poorest who will suffer the most, as usual.

On the economic plane, it is the latest jobs in the subcontracting companies—8,000 to 10,000 according to the U.S. Embassy; 6,000 to 8,000 according to employers' sources—that will disappear following this embargo. But the peasantry is going to be hit very hard by the halt in coffee and cocoa exports, the nation's second most important export activity after the subcontractors which brings in about $15 million at a time when international prices have risen. The OAS trade embargo instituted in October 1991 and intensified by a UN oil embargo in 1993 has already cost the nation 200,000 jobs. The unemployment rate in Haiti exceeds 60 percent. Decided by a 6 May vote of the UN Security Council, the total embargo aims to drive the military out of power and bring back President Jean-Bertrand Aristide, who was overthrown on 30 September 1991. Aristide is now living in exile in Washington.

Army on Alert; Communique Highlights Sanctions

FL2305171294 Port-au-Prince Signal FM Radio in French 1030 GMT 23 May 94

[Text] On 22 May, we learned from reliable sources in Port-au-Prince that the Haitian Army was put on a maximum state of alert on 20 May, while the government of provisional President Emile Jonassaint, which is not recognized by the international community, has issued a severe warning to any persons having ties with the enemies of the fatherland or one of their agents. There were numerous members of the Armed Forces, including many in civilian clothing, bearing arms, circulating in the streets of Port-au-Prince on 22 May.

A communique issued by the Ministry of Information, Culture, and Coordination and signed by Jacques Saint-Louis reminds all that any person found to have had ties with the enemy with a view to making it easier for the enemy to enter the national territory, or to turning over military buildings, fortifications, fortresses, arsenals, ammunition depots, fortified towns, and harbors to the enemy will be sanctioned by hard labor for life. Anyone giving away their [not further identified] plans will be liable to the same sanction, the communique says, which does not specify the nature of the enemy.

The law will also punish anyone who attempts to shake the loyalty of officers, soldiers, and sailors toward the government. Any insulting words or threats uttered against an officer in command of a force charged with public order will be punished by one to six months' imprisonment. The communique adds that if the speaker is a member of the legislature, the sentence will be one to three years.

In case of crimes or offenses of inciting to rebellion through speeches or public documents, the agitator will be punished by an imprisonment of a minimum of six days and a maximum of one year, provided the rebellion did not take place.

Any fired civilian or military employee who continues to carry out his duties after he has been replaced will be punished by six months' to two years'imprisonment, adds the text.

The government of resigning Prime Minister Robert Malval is nevertheless the only one recognized by the international community.

The reminder of these sanctions comes in order to avoid any confusion detrimental to social peace, concludes the text.

This communique was issued 24 hours after the near-total embargo against Haiti went into effect in an attempt to force the military to resign.

Soldiers Arrest 50 People Fleeing to U.S.

PA2405010394 Hamburg DPA in Spanish 0012 GMT 24 May 94

[Text] Port-au-Prince, 23 May (DPA)—Fifty Haitians traveling on a boat to the United States were arrested by Haiian soldiers today. It is the first clear sign of the new plan backed by the military leadership to severely punish illegal immigration.

The frustrated refugees were arrested on a beach near Petit Goave, a small port city located some 60 km west of Port-au-Prince, two independent radio stations reported in the Haitian capital.

Emile Jonassaint, the provisional president appointed by the Haitian military leadership, following his installation in power two weeks ago, warned that he would punish anyone caught violating the island's laws, especially the law condemning those who leave the country without visas or proper documents.

Several analysts said the Army and other enemies of exiled President Jean-Bertrand Aristide hope to reduce the escape of Haitians to prevent the United States from deciding to use its military strength to resolve the political crisis in Haiti, which has lasted 30 months.

Preventing the entrance of Haitian refugees has been one of the primary objectives of U.S. policy since the bloody military coup that overthrew Aristide in 1991.

Since the coup more than 40,000 persons have fled Haiti in boats. Since President Bill Clinton announced two weeks ago that his country would give Haitians the possibility of requesting political asylum instead of returning them to the island, more than 1,200 persons have been caught at sea and sent back to the Caribbean nation.

Presumed Aristide Followers Killed in Cite Soleil

PA2305224494 Paris AFP in Spanish 2050 GMT 23 May 94

[Text] Port-au-Prince, 23 May (AFP)—According to eyewitnesses, the bodies of four youths gunned down yesterday evening were found this morning in Cite Soleil, the largest low-income neighborhood in northern Port-au-Prince.

According to some residents, those murdered were followers of President-in-exile Jean-Bertrand Aristide. They reportedly were killed shortly before dawn by a group of unidentified armed men.

Since the toppling of President Aristide on 30 September 1991, Cite Soleil has been the site of numerous acts of violence aimed at his followers.

It was also reported today that 278 "boat people" (fragile vessels packed with Haitian refugees) were intercepted on the high seas as they were trying to reach Florida. They were escorted back to Port-au-Prince by U.S. coast guard vessels.

Meanwhile, a Haitian business organization, the Center of Free Enteprise and Democracy (the equivalent of the young economic chambers), denounced today the "immorality" of UN a resolution reinstating a nearly full embargo against Haiti and the "inconstitutionality" of provisional President Emile Jonassaint and his government.

OAS/UN Civilian Delegation Denounces Murder

PA2405020494 Paris AFP in Spanish 0114 GMT 24 May 94

[Text] Port-au-Prince, 23 May (AFP)—Today, the OAS/UN delegation, in charge of supervising respect for human rights in Haiti, "very firmly" denounced the assassination of four political militants in Cite Soleil, Port-au-Prince's largest shantytown, on Sunday night.

In a communique, the delegation said Emmanuel Joseph, 38; Bontemps [name as received], 43; Delil Saint Louis, 26; and Serge Joseph, 19, were gunned down by "heavily armed civilians." The number of assassins has not been determined.

One victim was a member of the association Tete Ensemble Cite Soleil. Two belonged to the Association of Youths of Cite Soleil 8, and one was a member of the Alliance of Haitian Revolutionary Patriots and Democrats.

A fifth victim, also a member of a political party, and whose identity was not revealed, was wounded and left for dead. He received treatment later, the communique said.

At least six other people were wounded Sunday night in Cite Soleil. "Those executions seem to be a systematic elimination of members of popular organizations which favor a return to constitutional order," the communique concluded.

FRAPH Calls on Militants To Resist U.S. Invasion

PA2305230594 Paris AFP in Spanish 2155 GMT 23 May 94

[Text] Port-au-Prince, 23 May (AFP)—The Front for Haiti's Advance and Progress [FRAPH], Haiti's leading neo-Duvalierist organization, today called on its militants to "mobilize" and resist with arms any attempt at invasion by the United States.

FRAPH Secretary General Emmanuel Constant said in a news conference: "In the event of a U.S. invasion, FRAPH would automatically become an 'Armed Revolutionary Front' of the Haitian people." Constant, who condemned any attempt at an invasion, said his militants would fight an eventual enemy with "machetes, sticks, rocks, and so on."

The secretary general, who describes himself as "center rightist" rather than "far rightist, the group that includes wealthy, heartless people," asked the government of Emile Jonassaint, the new provisional but unrecognized president, to enforce "a true, undemagogic social justice."

Constant expressed his desire for administrative and judicial reforms, the Army's professionalization, the separation between the Army and the police, and "an urgent program to discipline the people to deal with the genocidal embargo." Constant pointed out that UN Security Council Resolution No. 917, which established

a total embargo on the Haitian military government, demands the resignation of the police chief, Lieutenant Colonel Joseph Michel Francois. "The Governors Island agreement, and the parliamentarian plan to overcome the crisis as well, only provided for changes in the framework of the Army."

Referring to the international demand for the resignation of Haiti's entire general command, he wondered: "With whom are we going to negotiate Resolution No. 917. Let us be serious. Aristide (Jean Bertrand, the constitutional president in exile) cannot return (to Haiti), not because of the military, but rather because he has lost popularity in the presence of a powerful center rightist popular force," he concluded.

Employers Organizations Condemn Provisional Government

FL2305193094 Port-au-Prince Radio Metropole in French 1045 GMT 23 May 94

[Text] Two Haitian private sector employers organizations have condemned the appointment of Judge Emile Jonassaint as president of the Republic. The two organizations—the Haitian Manufacturer's Association, or ADIH, and the Center for Free Enterprise and Democracy—have demanded that the Governors Island agreement and New York pact be implemented and respected.

ADIH's executive council officially rejects the appointment of Judge Jonassaint and his de facto government and, until President Aristide appoints a new prime minister, recognizes as a legitimate government only the resigning government headed by Robert Malval.

In a press release, ADIH's executive council urges the other sectors of the national life to take a stand to obtain a return to constitutionality immediately and without delay.

As for the Center for Free Enterprise and Democracy, which has denounced the unconstitutionality of the Jonassaint government, it also denounced—and I quote—the immorality of Security Council Resolution No. 917 and the discrimination and hypocrisy of U.S. policy toward the Haitian refugees.

This center, which reminds the Army that under the Constitution, it has the duty to protect lives and property, also urges President Aristide to immediately appoint a new prime minister.

Finally, this center asks all the protagonists in the crisis, both civilian and military, to exhibit public-spiritedness and patriotism so as to spare the nation the shame of a military intervention.

Conacom Communique Calls for Solidarity

FL2305192994 Port-au-Prince Radio Metropole in French 1045 GMT 23 May 94

[Text] The National Congress of Democratic Movements, Conacom, calls for solidarity among democrats for a return of constitutional order. In a communique, Conacom states that what is immediately necessary is the overthrow of the Jonassaint government; General Cedras' early retirement, respecting the signature he put to the Governors Island agreement; and the return of President Aristide as soon as possible. Among other strategic actions, Conacom suggests holding meetings between President Aristide and the representatives of democratic political organizations for the purpose of expediting the application of the Governors Island agreement; meetings between the sectors that signed the New York pact, for the purpose of studying the pact's clauses; and meetings between representatives of democratic political organizations and the nation's various social sectors with a view to obtaining these sectors' support for these initiatives.

Conacom firmly believes that applying those proposals courageously and without delay will allow us to spare the country a catastrophe, while guaranteeing a return to constitutional order, especially that of President Aristide, states this Conacom press release.

Salinas Speaks About Economic Prospects

PA2405022494 Mexico City LA JORNADA in Spanish 20 May 94 pp 1, 52

[Report by Yolanda Gonzalez, Emilio Lomas M., and Raul Llanos]

[Text] Hermosillo, Sonora, 29 May—President Carlos Salinas de Gortari said that even though signs of growth for the first quarter were modest, "there are enough elements for a reactivation of the country's economy."

Salinas said that although inflation reached only 8 percent last year, "this year we are working toward reducing it even more." During the 26th Ordinary General Assembly of the Confederation of National Chambers of Commerce (Concanaco), the president called on the country's businessmen to look for new markets to compensate for the government's liberalization efforts.

"Our OECD membership can make us part of the most developed countries. It is not a way of saying that there are no longer shortages in our fatherland; on the contrary, it will help us acquire the tools to face the inequities and insufficiencies that our country still endures."

We have paved the way to compete at home and abroad, and you have shown that together we will do it successfully. After a two-day working tour, the president said that what has been accomplished so far is the result of efforts by all Mexicans.

"We are going to take advantage of the conditions that all Mexicans have created with so much hard work. We will keep inflation low to increase the likelihood of development and boost real salaries and the purchasing power of those who have the least. We will continue deregulation as an incentive for commercial and productive activities. We will curb bureaucratization and excessive red tape."

He added: "We will seek an opening that provides cheaper and more competitive raw materials and supplies for our production plants; an increased domestic market that favors consumers; diversified trade that, with effort, is converting Mexico into an exporting and competitive country; and a pluralistic nation that lives with tolerance, dialogue, and cooperation."

President Salinas de Gortari previously told the country's organized businessmen that their participation in the Stability, Competitiveness, and Employment Pact (PECE), together with the remaining social sectors and the government, "allowed inflation to reach only 8 percent last year. This year we will reduce it even more. We are confronting the inflation phenomena, which affected us the most and whose elimination was demanded the most, after having endured it for so many years."

The president said before Concanaco leaders and Commerce Secretary Jaime Serra Puche: "The essential element in consolidating the fight against inflation has been cleaning up public finances." He said this clean-up has allowed the country to eliminate the fiscal deficit and to use the savings realized from servicing a smaller debt to boost salaries and lower "certain" taxes.

"Remember that a few years ago the main burden was the country's excessive debt, and the only topic of discussion was how to eliminate it and overcome excessive inflation. Today, thanks to everyone's efforts, we have had truly encouraging results with both."

Salinas pointed out that Mexico's internal debt is only 10 percent of GNP. "We have accomplished this with everyone's work, and it has also helped to eliminate excessive inflation, which so affected the workers' real wages."

President Salinas later said there are still problems, but there has also been progress which enables us to face new challenges and set higher goals. "This has been the result of our work, everyone's work. It is important to remember this, and it is also useful to take full advantage of it to benefit future generations."

President Salines said Mexicans needed economic stability to encourage investment and to reactivate the country's production. He said: Without price stability, it will be impossible to propose sustainable growth or to permanently direct our efforts toward justice.

"That is why we have been making changes that have allowed us to make our economy more productive and have established the conditions to create more jobs, which are the essential solution to the poverty problem and the possibility of becoming more competitive at the international level."

To conclude, he reasserted: "We confirmed the Mexican people's democratic will this year under complex circumstances. It is a determination to live in peace and create job opportunities. It is the principle of harmonious coexistence for everyone based on diversity and respect for all. It is a Mexico organized according to a civic spirit and love for the homeland."

Serra Puche on NAFTA Benefits, Competitiveness

PA2405011994 Mexico City LA JORNADA in Spanish 20 May 94 pp 1, 52

[Report by Raul Llanos, Emilio Lomas M., and Yolanda Gonzalez from Hermosillo, Sonora State]

[Text] Jaime Serra Puche, secretary of commerce and industrial development [Secofi], admitted that despite the measures taken by the federal government to expedite credits for Mexican companies, interest rates remain high and are the main concern for small and intermediate businesses.

Serra maintains that the greater number of national banks and the opening of foreign credit institutions, which will accompany NAFTA, will create more competition and allow the country to receive new resources that

will increase the money supply. "Both circumstances," he predicted, "will put downward pressure on interest rates."

In his speech before the 76th General Assembly of the Confederation of National Chambers of Commerce (Concanaco), the Secofi secretary said the foreign trade indicators for the first quarter of this year "are very positive" and added that for the January-March period, total exports increased approximately 17 percent compared to the same period in 1993.

In addition, Serra reported that the sale of manufactured products abroad was the sector with the most dynamic growth. This sector grew nearly 26 percent, particularly exports of cotton fabrics and other vegetal fibers as well as plastic products and automobiles.

Serra explained that according to statistics compiled in the United States, Mexican exports to that country increased 22 percent in the first two months of the year, a figure double the increase registered by exports from the rest of the world.

In a speech given before President Carlos Salinas de Gortari, Serra also declared that the type of imports to the country demonstrate the technological modernization and competitiveness of the national economy, adding that intermediate goods accounted for 71 percent of imports, capital goods for 17 percent, and final consumption products for 12 percent. Such results of the commercial balance, Serra continued, show the benefits of NAFTA and the growing competitiveness of the country's economy.

Regarding financing, the secretary spoke of an increase of over 4 billion new pesos in credit lines from the National Bank of Internal Trade (BNCI) in 1994, representing a 60-percent increase over last year. Of this amount, nearly 30 percent is destined for the creation of infrastructure and 44 percent for small and intermediate businesses.

Regarding development banking, the Commercial Development Fund (Fidec) tripled its financing from 1990 to 1993 with its credit supply going from 1 billion to 3.2 billion new pesos, Serra remarked.

Serra said financing resulted in the construction of 463,000 square meters of storage and cold storage facilities, while Fidec is expected to increase its credits for businesses' working capital this year by 81 percent, and for those destined for building commercial centers by 166 percent.

Serra also said emphasis has been placed on promoting new forms of business associations to improve the scale of operation by organizing purchasing credit and integrating business groups.

Regarding legal changes, Serra noted that between 1989 and 1993, the number of credit unions that can operate in any sector of the economy, issue bonds, and trade assets grew by 22 percent annually. Consequently, the secretary of Secofi concluded, these new forms of association can resolve businessmen's credit problems, problems of joint negotiations with purveyors, and problems searching for markets and forming associations with foreign businessmen.

PJF Arrests Public Security Members in Drug Bust

PA2305221694 Mexico City LA JORNADA in Spanish 20 May p 45

[Report by Rodrigo Ibarra]

[Text] Ciudad Juarez, Chihuahua, 19 May—Federal Judicial Police [PJF] units seized 607 kg of marijuana and detained a band of drug traffickers formed by members of the Municipal Directorate of Public Security and Transportation.

Roberto Villalta, who was wearing his work uniform, Gerardo Calderon, Patricio Esparza, and another unidentified person were taken into custody in the operation.

Residents of Bolivia Street, El Barreal neighborhood, reported seeing policemen and Public Security and Transportation vehicles constantly arriving at a warehouse where the PJF later seized the marijuana. The PJF said it seized 606.84 kg of cannabis and two scales used to package the drug.

The officers who participated in the operation also confiscated a black Chevrolet van with gray stripes bearing Texas license plates and a red Pontiac Grand Am with Colorado plates.

The police said they will continue their investigations and hope to make several arrests in connection with the bust.

In a related story, the Attorney General's office destroyed two plantations in Sinaloa and Baja California estimated to cover 20,000 square meters. The plantations, located during several reconnaissance flights, were believed to hold 210,000 marijuana plants.

The first plantation was discovered in a ranching area known as Las Playitas, Sinaloa de Leyva Municipality. Several PJF units converged on the area and destroyed marijuana plants and heroin poppies growing on 3.5 square meters.

Meanwhile, a 15 square-meter marijuana plantation was found and destroyed near Rewal del Castillo Viejo and Enecua along the Ojos Negros Highway, Encenada, Baja California.

Police found three pickaxes, two shovels, two hoes, four machetes, an axe, a container of gasoline, two 22-caliber rifles, one 30-30 caliber and six 7.62-caliber cartridges, a 7.62 caliber clip, and a Chevrolet Blazer with California plates.

Guatemala

President on Preparations for Ibero-American Summit

PA2105024694 Guatemala City Teleonce Television in Spanish 1900 GMT 19 May 94

[From the "Telepress" newscast]

[Text] President Ramiro de Leon Carpio has said that Central American countries will assume a unified position at the fourth Ibero-American summit to be held next month in Cartagena, Colombia. This will be the second time President De Leon Carpio participates in this regional summit.

[Begin recording] [De Leon, in progress] ...all the presidents and heads of state who will attend this important meeting, especially those of us representing Central America. We will not present individual proposals from each country, but a proposal as a family, as we have called it. With this in mind, we will have a preparatory meeting in El Salvador to unify opinions and criteria, particularly on a proposal we already presented—I had the honor of presenting it recently in Washington—on a pilot project for Central America for ecological protection and an alliance for sustained development of the area. Our forests and natural parks—which no longer belong to us, but to mankind—must be protected with the assistance of Ibero-American countries. This will probably be one of the proposals we will present in a unified manner. In any event, Central American countries will present unified proposals with the hope that many of them will receive a positive reply for our nations and for the Central American people.

[Unidentified reporter] When will this meeting take place? We understand that all the Central American presidents will arrive together.

[De Leon] The preparatory meeting will be on 31 May in San Salvador, on the occasion of the presidential inauguration. We will take advantage of that opportunity to exchange views and unify criteria. In August, we will arrive together at the summit of the Ibero-American presidents and heads of state to show our solidarity as a bloc, and our integration, which is not only economic but political and extends to all areas. We will meet in San Jose, Costa Rica, and from there all the Central American presidents will travel together in one plane, to show our solidarity and maintain our unity which has always been so necessary in Central America, and which today is more urgent in facing the economic and political blocs. I believe we are definitely advancing toward true Central American integration. [end recording]

President Meets Central American Integration Officials

PA2405034894 Guatemala City Teleonce Television in Spanish 1900 GMT 23 May 94

[From "Telepress" newscast]

[Text] Central American integration is indispensable during these special times in all aspects of life, according to President Ramiro de Leon Carpio after meeting with representatives of several Central American integration organizations at the Presidential Palace.

The representatives handed the president the Central American integration flag adopted on 27 October 1993 on the occasion of the inauguration of the General Secretariat of the Central American Integration System [SICA].

President De Leon Carpio said he is extremely pleased to see that the Central American solidarity project is being consolidated through all regional institutions. He called for a review of an integration program in that context that can allow for the conservation of the environment, which has already been discussed by the Central American presidents.

Representatives of the Central American organizations who gave the Central American integration flag to the president were the following: Juan Luis Guzman of the Central American Electrification Council; Jorge Cabrera and (Brenda de Curant) of the (Deprendenac) [expansion unknown]; Jorge Mario Aguilar of the Central American Industrial Research Institute; Rafael Flores of the Institute of Nutrition for Central America and Panama; and SICA Secretary General Roberto Herrera Caceres.

Honduras

President Interviewed on Summit, Gore's Visit

PA2305170594 Tegucigalpa Voz de Honduras Network in Spanish 1229 GMT 23 May 94

[Interview with President Carlos Reina by Raul Balladares at the Presidential Palace in Tegucigalpa—live]

[Text] [Balladares] We are now with President Carlos Reina, just hours before the opening of the mini-summit of Central American presidents—a session in which U.S. Vice President Al Gore will also participate.

Good morning, President Reina. What do you have to say to the Honduran people a few hours before this mini-summit gets under way? It has been said that Vice President Albert Gore's presence is the beginning of a new relationship between Central America and the United States.

[Reina] Thank you, dear friends, for visiting us at the Presidential Palace this morning at a time when we are on the threshold of such an important event, namely, the visit of U.S. Vice President Albert Gore and the Central American presidents. All of us will get an opportunity to speak to this important U.S. statesman who enjoys great prestige in his country and abroad.

I have heard very fitting comments on this visit, comments that have significant meaning. This summit means that our nation has the democratic conditions and

the international image required to serve as host of such an important event. Under these circumstances, we are preparing for two more summits: the Cartagena de Indias summit and the Miami summit. One is the Ibero-American Summit, and the other summit has been organized by the United States. There have been a number of events leading up to this meeting. This meeting is being held in Tegucigalpa to enable the Central American presidents to engage in an open dialogue with the U.S. official, thereby allowing us to extensively review issues prior to the Cartagena de Indias and Miami summits.

We believe there are basic issues that need to be discussed with the U.S. statesman. For example, we must repair the damages of a badly administered economy, while at the same time we must improve the state's finances. We must also strengthen the business sector's capacity, and we must meet the most pressing needs of the those people living in poverty who comprise the majority in Honduras. To do this, it is imperative that the international institutions adopt more flexible policies. This is one of the main issues we are going to discuss at this Tegucigalpa meeting.

As far as the domestic situation is concerned, our position is that basically we need a broad consensus of all social and economic sectors to implement a [word indistinct] plan in Honduras. Therefore, we need the understanding and flexibility of the international institutions and friendly nations for this transition, at least until the unification plan is fully implemented.

In preparation for the Tegucigalpa meeting, there was the Inter-American Conference for Peace and Development for Central America, which was held during the 14th Presidential Summit in Guatemala on 29 October 1993. We should reinstate the thesis of the Alliance for Sustained Development in which Guatemala and Costa Rica have been actively participating. For our part, we should strengthen trade, investment, and environmental protection. All of these issues will be taken up as part of a very full agenda. This is what I can tell you in broad terms about this event, of which I am very pleased, because it represents trust in the Honduran democratic system.

[Balladares] In Switzerland this weekend, the American Association of Jurists questioned the IMF about its autocratic rule over the world's economies and finances, claiming it only wants to help powerful multinational corporations. President Reina, are you going to raise this issue with Vice President Gore during his visit? Some of your government officials have said that these statements by the American Association of Jurists might prompt international financial institutions to be more flexible, which is something you stressed this morning.

[Reina] The news you have just given me agrees with what the world currently thinks. The nations that are moving down the path toward strengthening democratic systems, as well as facing up to macroeconomic variables to achieve healthy economies, must not be pressured. With a healthy and prosperous economy, all other problems can be resolved. The opinion of the jurists agrees with this position. The people of Latin America and the world need international financial institutions to display flexibility, not impose pressure. With this flexibility, we can very well solve difficult situations and strengthen what concerns everyone—namely, human development. During our campaign, we gave this policy the name of development with a human face.

[Balladares] Does this mean you are going to present the U.S. vice president with these concerns, in other words, that there should not be any pressure? Nevertheless, such pressure does indeed exist. For example, one form is already being felt, the elimination of subsidies and the ensuing higher prices of public services in our country. This is part of what these international financial institutions are demanding from our nation. Will this be raised with the U.S. vice president because it is common knowledge that Honduras, at least the Honduran people, cannot endure a situation of this nature.

[Reina] We are dealing here with two situations. One is to be discussed with Vice President Gore and the other involves multilateral issues, such as the treaties in which the international financial institutions offer assistance to our nations. At times, however, when demands must be made, these are made with some emphasis. I think the president [as heard], all international officials, and all Latin American and world leaders know about this situation. What we have to determine now is how to resolve this situation. For example, in the case of Honduras, we want to avoid the situation we encountered when we received the nation amid a general crisis, a crisis that has a tendency to worsen.

We have halted this tendency. Now we must consolidate a very solid and democratic way of life in Honduras. We must make deep cultural and educational changes. One of the first steps we took in this direction was to strengthen all values of civilian society. This has been excellent in clearing the way. Also, I believe that economically we must update our macroeconomic foundations. This cannot be done quickly. We must do this thoroughly and with the efforts of all of the Honduran people.

I insist that we not allow those who have been hard hit, which is the majority of the Honduran people, to be hard hit any longer. We are on the path of overcoming this situation.

[Balladares] Mr. President, according to many skeptics, Honduras is no longer a strategic point for the United States. For this reason, these skeptics claim that U.S. assistance is being diverted from Honduras. Do you really think that with the visit of this important U.S. official, the country can receive assistance equal to aid it received in the past or perhaps even larger amounts of aid?

[Reina] The problem you have raised is much more complicated than that. We have left the Cold War behind us. In the Cold War, the world's attention was focused on Central America because a Cold War was forming in Central America in which the two large blocs were testing their strength. In El Salvador alone, the United States gave more than $6 billion in military assistance. We know now, however, that this situation and this world view have disappeared. The two blocs have reconciled, and now what is being sought is to improve the people's way of life. U.S. assistance that was geared toward a situation of conflict has disappeared. Now, we must develop assistance geared toward issues such as social problems, improving international solidarity, technical assistance, transfer of technology, environmental problems, and various forms of international cooperation.

We cannot continue to permit tactless remarks that say Honduras is not fit for investment. I have seen with great satisfaction that even the U.S. representative in Honduras, the U.S. ambassador, has said that this is wrong and that Honduras is indeed a country for investment, a country in which all guarantees and securities are provided for anyone wishing to invest in Honduras. The world that you refer to has disappeared. The new world is based on other premises that are more encouraging.

[Balladares] Will you ask the U.S. vice president for fair access of Central American products in the U.S. market?

[Reina] In terms of economics, there are many things that will have to be brought up. There is the topic of Central America's possible integration into NAFTA. This is a technical and extensive topic. Let us recall that Honduras is also a member of GATT. Honduras has had a series of setbacks in terms of the banana trade. All of these economic topics will have to be broached with the U.S. vice president.

I think, however, that he is coming to gain awareness of what is truly happening in Central America. This is the main point to which I referred earlier. He is coming to gain awareness and to make contact with the presidents of the area in order that the resolutions will favor international cooperation, with that new human face I mentioned, as well as with that way of approaching the people and offering support to democratic governments that are making immense efforts to leave their historical problems behind. I think this is part of the basic objective.

The fact that he is coming to Honduras honors us very much. When President Kennedy planned to meet with Central American presidents, he met them in San Jose, Costa Rica. That was a meeting of utmost importance in which Dr. Villeda Morales played an important role. Subsequently, President Johnson went to San Salvador. That was another era. Today, the Clinton administration has selected Tegucigalpa, this dearly beloved capital of Honduras, in which we should all be united now to request not assistance but, rather, request that we be shown understanding and flexibility in finding solutions to our problems.

[Balladares] Mr. President, because we have a government that is conducting a moral revolution and, as you say, a government that has a human face, there have been some questions about this. As the U.S. vice president arrives in Honduras and as we enhance our rapprochement with the U.S. Government in the field of economics, specifically in terms of assistance to the country, what will the talks you will be undertaking within the next few hours consist of?

[Reina] U.S. influence in all world organizations is very great because the United States is the richest and most powerful nation in the world. We demand an understanding that takes our efforts into account. As I mentioned earlier—for example, things such as the unification plan, broadening democracy, and improving macroeconomic indicators—the United States must be aware of all of these efforts. In addition, our fight against corruption, drug trafficking, and poverty as our essential goals is something democracies worldwide deem very praiseworthy.

[Balladares] Mr. President, Honduras used to be very important within the region because of the Nicaraguan war and the presence of contras on our soil. This is why Honduras was a U.S. strategic location in Central America. In light of what you said on 20 May—that the U.S. vice president's arrival necessarily underscores the great importance of our country—why is Honduras regaining importance? By virtue of the fact that Honduras was chosen as the site of the meeting, is this an unusual visit? What is the message of the visit?

[Reina] I want to speak openly. Within the framework of the Cold War, Honduras played a sad and very bitter role because of the presence of counterrevolutionary forces involved in the Central American war. Honduras' image was very negative then. Today, however, just the opposite is true. Honduras was chosen to host this Central American presidents meeting to discuss the two upcoming summits—again, the Cartagena de Indias and Miami summits. This reflects the strategic importance of Honduras. Also, Honduras has become a democratically strategic location in strengthening the values that serve as democratic foundations, and, in turn, this improves the image of Honduras within the United States and the world community. I believe I heard this stated in the Tegucigalpa media. We must understand this concept and welcome the international community's recognition of the democratic system currently reigning in Honduras.

[Balladares] Mr. President, in a weekend meeting of some Armed Forces chiefs, the (Trifinio) Plan was made public by Colonel Claudio Lainez Coello, who views the opening of the border with suspicion because it may ultimately hurt the nation. What is your opinion on this?

[Reina] Opening the borders is a delicate, yet inevitable, process within the framework of integration. We must learn to live peacefully and democratically in Central America. This poses new risks. As for the (Trifinio) Plan, I flatly oppose its so-called shared sovereignty. It was unacceptable before the demarcation of the borders because it could misrepresent the jurisdiction of each state. After the borders were demarcated by the highest world court, their redemarcation became imperative. Then, the states will be able to reach special agreements for the development of the area. This situation is not only relevant to the (Trifinio) Plan, but also to the Fonseca Gulf. The disputation of sovereignty issues by others, however, is something that must unite all Hondurans in order to defend our interests, interests that must not hinder regional development.

[Balladares] As for domestic issues, over the weekend it was reported that you had decided to dismiss a top tourism official. It sounded like speculation, and we are lacking an official report. I would like to know if you have any official report?

[Reina] Special commissions are currently investigating the latest cases in Tourism, Honduran Corporation for Forest Development, and Customs. These commissions will issue their reports in due time. I want to view this situation very positively, however. Should there be any irregularities, the Honduran people will be informed. The Honduran media have played a key role in this. This is part of the fight against corruption; it is a barometer for the new system.

In the past, we refused to talk about corruption until it was impossible to control it. Today, we all act on it as soon as we encounter it, as soon as the first symptom arises. I believe it is important for each case to be properly studied. This constitutes the basis for many cases whose resolutions will be made public in accordance with the duties of a responsible government.

President 'Upset' With UK Report That Honduras 'is Risky'

PA2005215994 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0000 GMT 18 May 94

[Report by Glenda Romero]

[Excerpts] Today, President Carlos Roberto Reina was upset and angered by an article published in THE ECONOMIST, a British magazine, in which Honduras, together with Iraq and Bosnia, is described as a country where investment is risky.

[Begin Reina recording] I ask all of you to repudiate the article. I am sure you are all patriots and you cannot accept such rude remarks. Honduras is a country that is making huge efforts to ensure legal security and to compare Honduras with Bosnia-Hercegovina, where even the bodies of the dead are being eaten, is unforgivable rudeness. [end recording] [passage omitted]

While the article that appeared in THE ECONOMIST continues to provoke reactions and the awakening of patriotism in some sectors, the Honduran Foreign Ministry did not give much importance to the article and denied that it will protest the article published in that important magazine.

Nicaragua

FSLN's Arce on Special Congress Proceedings

PA2205171394 Managua Radio Sandino in Spanish 1317 GMT 22 May 94

[Interview with Bayrado Arce Castano, member of the Sandinist National Liberation Front, FSLN, National Directorate, by Radio Sandino Program Director Ada Luz Monterrey in Managua; broadcast in progress—live]

[Text] [Monterrey] ...after two days of deliberations, what's your political evaluation of the Special Congress?

[Arce] I would say that it has been a very positive exercise with significant benefits for the FSLN. I believe that to date we have lived up to the expectations of the FSLN grassroots and the Nicaraguan people in general. On the one hand, despite many predictions, we have been able to handle contradictions and opposing views both constructively and positively. We have also been able to do it very democratically, to the detriment of the right wing, as the recent edition of LA PRENSA indicates. We believe that they anticipated bullets and who knows what else during the congress. We have been able to hold this important debate in a friendly and revolutionary manner that will allow us to define precisely the identity of Sandinism.

[Monterrey] In this respect, please allow me to interrupt. I would like you to expand on this issue. An editorial in today's edition of LA PRENSA raises the media issue—whether it is advisable for some FSLN leaders to broadcast their views via the right-wing media. Other sectors believe that this is a positive sign and that the fact that the FSLN, an opposition party, has opened its congress to all representatives of the media should be seen as a triumph. As a communications expert, what are your comments?

[Arce] Before answering I would like to say that—to the right wing's chagrin, as LA PRENSA points out—we believe that far-reaching decisions on the party's democratization and transformation are being made here. Nearly half of the members of the Sandinist Assembly, the party's leading body, will be elected from throughout the country. Women will at a minimum make up 30 percent of the party's decisionmaking bodies. There are other significant changes: For example, the National Directorate will now be elected from within the Sandinist Assembly and that mandate [words indistinct] can now be revoked by the Sandinist Assembly. The Assembly will also be responsible for filling the executive positions [illegible] elected by the Congress.

This all represents changes in a new, renovated, and transformed party. This is the objective of all Sandinists, regardless of which side we supported, even among those who abstained from involvement with either side.

Now, there has been some reference to what is evidently a right-wing radio station. I would like to point out the last two paragraphs of LA PRENSA's editorial, which are practically [word indistinct], nearly childish when they say that it's a lie that they are the biggest party, that it's a lie that they are going to win in 1996. This sounds like a child's temper tantrum.

Now, I believe that the decision to allow the media in depends on circumstances. Events like this are open to coverage by the right wing. They can cover this because we are very open, yet they adopt very arbitrary positions like this one. But on other occasions we may find they have very constructive opinions. I believe this has a lot to do with the person who covers the event, the editor, and on many occasions the political angle in covering the story.

I will give you an example. Recently several members of the Directorate readily agreed to an interview by LA PRENSA's Cristiana Chamorro and Ariel Montoya. We assumed that it would be a very professional interview. But it turned out not to be objective coverage because they did not respect the actual content of the interview. Instead they decided to base their work on comments that they added; they even misquoted us. I recall that I was quoted as saying that efforts for renovation were premature and untimely. That is absolute nonsense. I was even prompted into calling Cristiana and asking what happened to her interview and to remind her that it was very unprofessional. I spoke to her as a colleague and as president of BARRICADA. I told her that I had assumed that it was going to be a professional and mature interview. She gave me some kind of explanation.

So as you can see, sometimes one decides not to agree to interviews because some reporters are very unprofessional or highly politicized. Agreeing to an interview is like playing their game. But sometimes the reporter seems very professional, and we relent, only to end up having our statements misquoted.

[Arce] On several occasions statements and positions are not only disseminated by one media source but by several, and the people are thus made aware of exactly what the interviewee said. That specific media that tend to always misquote only end up losing credibility in the people's eyes.

[Monterrey] To conclude, it is being said that a proposal is being prepared by [words indistinct] in the sense of allowing the Sandinist Assembly to appoint the directors and editorial boards of the Sandinist media. As president of BARRICADA's board of directors and president of Radio Sandino's board of directors, please give your us opinion on this issue.

[Arce] I am not aware that any such proposal has been prepared. I am aware that a resolution was approved at the Managua consultative assembly proposing that the Sandinist Assembly be allowed to elect the editorial boards and boards of directors. I believe this initiative is very inadequate and does not respond to any logic whatsoever. When the time comes I am going to express my opposition. I believe that the most logical thing would be to... [pauses]

In the past the National Directorate was responsible for appointing the editorial boards and the newspaper presidents. I believe that this is how it should be. As an executive organ, the National Directorate should continue making executive appointments. I believe that now more than ever the National Directorate must make these appointments, realizing that it is not making political appointments but that it is [three-second break in reception]. While it may be true that the appointments do have some political value, in the final analysis these are newspaper enterprises. As such, any appointment must go through the logic and framework of a newspaper activity, and the criterion that applies is not the same as if a political appointment is being made for just a political or party task.

[Monterrey] Thank you, Commander Bayardo Arce.

Interview with FSLN Candidate Ruiz

PA2205183094 Managua Radio Sandino in Spanish 1450 GMT 22 May 94

[Report on interview with Commander Henry Ruiz, official in charge of Sandinist National Liberation Front, FSLN, international relations and candidate for FSLN secretary general, by Radio Sandino Program Director Ada Luz Monterrey; place and date not given; from "The Sunday Drumbeat" newscast]

[Text] [Begin recording] [Ruiz] I believe we have made a historic decision. Remember that the FSLN, in which women have had a role, did not have a regulation compelling recognition of women. This is the first failure.

The other thing that makes this decision very welcome is that when one takes into account 30 percent against the true number of women in the party—in my opinion this is not enough. It obliges us to pursue more participation by women.

Thus in practice we are making a decision that can take immediate effect and continue forging ahead. If we go to the other extreme, this is still a good intention, but the road to hell is paved with good intentions. I believe this is the best thing that could have happened to us.

[Monterrey] Remember, Henry Ruiz, that according to the media a proposal has been circulating to have the FSLN congress discuss a return to what was once called political commissars. This would empower the Sandinist Assembly to elect editorial boards and directors of Sandinist media. What is your opinion?

[Ruiz] I do not agree with this.

[Monterrey] Why?

[Ruiz] Two things are new to Nicaragua: First, real freedom of expression does exist. No party can have freedom of expression if decisions are made within the party to reduce this freedom. This is what makes the existence of parties possible, especially in the case of a revolutionary party. If we adopt this proposal, we would be going back to old practices. Second, publishing houses are our own media, but they are also businesses that have to compete. They must have an open market. If you place the media on a political footing with no eye on profits, it is very unlikely that it would survive. The FSLN, despite suspicions to the contrary, does not have large financial resources. Thus owners have to survive, so publishing houses, in an example of essential respect, must be so administered.

[Monterrey] If Commander Henry Ruiz is elected FSLN secretary general during this congress, what will your immediate action be: preserving FSLN unity or reducing the effects of what pessimists are forecasting if Commander Ortega does not win?

[Ruiz] I do not like to forecast schisms. I believe we have been and will emerge united. Some comrades have told me that there is already division. I have replied that it is not yet entrenched. (?Those who accept this have already committed suicide.) If the party is not unified, we are obliged to seal it up. I say let us bolt the party together, tighten the clamps, use some glue, and launch the party forward. As we approach 1996 we will see a split. I hold that if we don't win in 1996—in addition to the (?good people they have) and all these things that many times prove to be ideas on and intuitions of what is going on or has happened—will be consolidated if they defeat us. [sentence as heard]

What is currently operating is a substitute model of the revolution, but it is a neoliberal model. If you add the fact that this has advanced so much, added to the three years remaining in this administration, added to a possible defeat, then you can forget about the revolution. Here is where Sandinists will have to implement other plans. If we as Sandinists have any conscience, we must realize that unity is the only chance if this fatality were to occur. [end recording]

On another topic dealing with events in Nicaragua, Commander Henry Ruiz, alias Modesto, told us:

[Begin recording] [Ruiz] I am happy because we have points of reference in Sandinism. The sad thing would be if Sandinism had no points of reference and everything were a crisis, chaos, and that we had to seek points of reference elsewhere, in other parties. That would be bad. Tardiness does not matter; the important thing is that points of reference have been found. The sad thing is that I am the only other candidate. It would be good if several of us were candidates for FSLN secretary general.

On the question of what must be done to regain our power, I believe that if we use our historical strength... [pauses] we have always been dynamic, strong, mystical, and [words indistinct] when our goals are unclear. I believe there is a key goal, but we do not know how to reach it. This requires a national plan that includes what I call the regaining of power. I do not say government because I insist this is not a government problem. It has to do with providing the executive branch and the legislative branch with enough power so that they can exercise other policies and lead the country out of stagnation while stopping neoliberal policies.

If we examine this in the face of international realities, it is obviously not an easy task. Look at Venezuela. Carlos Andres lost the elections [as heard] and see where he is now. But Caldera is committed to the neoliberal plan, and there is already word of a future social explosion in Venezuela. We are committed to this neoliberal plan because this is what the government established and signed. It will last until 1997.

We need to pursue a kind of national referendum in connection with the country's problems and see how we—the government—can deal with them, establish what we are going to propose, what solutions to offer, and how these solutions are attainable. When we put all these things down on a single piece of paper I believe this will once again give Sandinists a point of reference and the resolve to work. I believe that the debate, which we have tried to run down, has given us something that is quite tangible: We have risen, and we are [words indistinct] and energy. So if we find these things we will have moved ahead. [end recording]

These relations will improve to the extent the United States allows them to improve. We cannot stop supporting just causes we have supported in the past, we are supporting now, and as we will hopefully continue to support in the future. The fact that we have been so supportive of our brothers in El Salvador caused us serious problems with the United States. Nevertheless, just for the sake of avoiding problems, we could not stop supporting our Salvadoran brothers. For the sake of avoiding problems with the United States, we will never stop supporting our Cuban brothers.

This means that in the face of our efforts to improve our relations with the United States, we must not turn our backs on our principles and our historic roots—things we are obliged to maintain. In this sense, I think we must carefully examine the evolution and developments that have taken place in the United States.

The Reagan and Bush administrations are not the same as today's Clinton administration. There are substantial differences, and, I might add, numerous differences. President Clinton has assumed certain positions for reasons of political interest, and also for reasons linked to his own personal choices. He has shown openness in relations with ethnic groups, with homosexuals, and with women—an openness which, at the same time, has not

been manifested in relations with countries that have been under attack, such as Cuba. Perhaps the alignment of various forces within the United States is not permitting President Clinton to be more broad in his openness. [two-second break in reception]

As congress president, I ask you to grant me a few more minutes. Much has been said about this topic. Some have mentioned the problem of the Sandinist anthem and suggested we eliminate the words of the anthem. I believe that, in fact, there are other anthems in the world which have their own characteristics and which are historic. I think, however, that the words of the Sandinist anthem go far beyond this and reflect a deeply historical significance. We have been victims—and I reiterate this—and we have not been responsible for victimizing others.

Aside from maintaining and carrying out efforts to establish relations with the United States, we must keep our anti-imperialist principles intact. I also believe it is necessary to say here and now that the Sandinist Front is, and will continue to be, anti-imperialist. [applause]

We have proposed other motions within this same spirit. I would like to see an overall approval of these motions. There are some portions to which you contributed with words and actions, which will be reviewed by the commission to summarize and improve, if possible, this important portion of our program.

Borge Discusses U.S. Ties at FSLN Congress

PA2305154794 Managua Radio Sandino Spanish 0349 GMT 23 May 94

[Statement by Tomas Borge Martinez, president of the Sandinist National Liberation Front, FSLN, Special Congress, at the congress in the Olof Palme Convention Center in Managua—live]

[Text] Someone has already noted that this is a very important section in our program. It is entitled "FSLN Position With Regard to Relations With the U.S. Government." It does not say with the U.S. people but, rather, with the U.S. Government. The language used in the Program Commission's proposal is very selective. However, I believe that, in general terms, it essentially explains the positions we must assume in this new international situation and in this new era that people are now experiencing.

Nicaraguans, not to mention Latin Americans, must be clear about the reasons for assuming an anti-imperialist position. It was not a coincidence that when the FSLN was founded, Carlos Fonseca proposed that it only be called the Sandinist National Liberation Front in the face of other proposals to call it the National Liberation Front and other names.

When our founder and leader was asked why he wanted it to be called the Sandinist National Liberation Front, he explained that it was not only named after Sandino, who was a hero to the world, Latin America, and Nicaragua, but that it was also named after the anti-imperialist content of Sandino's struggle. In this way, we were recording, and recording forever, the anti-imperialist content of the Nicaraguan people's struggle.

Years passed, and time and time again we relived a history of aggression from U.S. administrations. Nicaraguan history is basically a history of U.S. intervention. It is a history that produced Zeledon and Sandino and, to a great extent, produced the FSLN. The United States imposed Anastasio Somoza and his criminal dictatorship which lasted several decades, and, in turn, the Nicaraguans' revolutionary and popular struggle resulted from this imposition.

We must ask ourselves: What kind of relations do we want with the United States? Do we want a relationship of enmity and confrontation? On the contrary, we want a friendly and harmonious relationship with the United States.

Nevertheless, this friendly and harmonious relationship does not depend on us. It is important to remember that we are not ones who caused harm. Instead, we were the victims. It is important to remember that we never attacked the United States; it attacked us. It is not true that we can forget our history. He who forgets his history forgets himself. The essence of a people lies in their history. If we want to substantially improve our relations with the United States, we cannot forget the history of U.S. aggression against Nicaragua. [applause]

D. Ortega Speaks at FSLN Congress; Wants Assembly To Meet 26 May

PA2305224594 Managua Radio Sandino in Spanish 1445 GMT 23 May 94

[Speech by Daniel Ortega, secretary general of the Sandinist National Liberation Front, FSLN, at the FSLN Special Congress closing session at the Olof Palme Convention Center in Managua; broadcast in progress—live]

[Text] ...crisis. The struggle for stability, peace, the strengthening of democracy in our country—that is our objective. It is our objective to get the government to change its economic policy, solve the property problem once and for all, give financing to producers in terms that will truly increase production in our country, thus creating jobs in the production sector. These are among the efforts that we must make throughout our country to promote a broad national movement, with workers, producers, and cooperative members—with all the Nicaraguans who are truly interested in stability and who seriously feel affected by the neoliberal policies of the current administration.

We must prepare ourselves to win the November 1996 elections. To win the elections, our contact with the people, our commitment to the people, and our [word indistinct] with the various sectors of Nicaraguan society become vital to attaining that goal.

This special FSLN congress session is a new experience within the party because in the 1970's, in 1976, at that moment, the Sandinists were unable to accept their differences, discuss them, and channel them into actions and practical tasks in the serious confrontation with General Somoza. This led the FSLN to a division. It was the struggle against Somoza that reunited us until we triumphed on 19 July 1979.

Now we have gone through four years in which new contradictions have appeared within the FSLN. They are not the same contradictions we experienced when we were fighting Somoza, because we all had to cooperate against the Somoza dictatorship which involved the eradication of imperialist domination in our country. We had differing views on that.

It is not a matter of defeating the Somoza dictatorship now. It is a matter of defending revolutionary achievements and we have had differences on that. The new economic situation in Nicaragua imposed by the government's neoliberal policies affect society. These policies continue to cause increased unemployment, poverty, homelessness, hunger, and desperation for the Nicaraguan people.

We must fight that. It is no longer a matter of ousting a government with weapons, it is a matter of fighting [12-second break in reception] new forms or struggle and organization.

In these past four years, we also struggled to defend the institutions that are pillars of the country's stability. They are institutions whose missions contradict our views and the sectors and people we defend. [sentence as heard] These contradictions occur under certain circumstances. I am referring, of course, to the National Police and the Sandinist People's Army. These are two institutions that were created by the revolution. These are institutions that the FSLN and the revolution bequeathed to the nation and the Nicaraguan people. These are institutions that according to the Constitution and our country's laws, and the Constitution that was approved in 1987, are subordinate to the government that is in office. There is a big contradiction there. The Armed Forces are subordinate to the government that is in office. However, the government that is in office is implementing policies that involve depriving people of their property, sending workers to the unemployment lines, lowering the workers' salaries, and denying basic services to the people.

The people, rightfully so, make their demands, protest, and take to the streets to make their voices heard. The government sends the police, and sometimes the Army, to repress the people.

The extreme rightist forces in the United States and Nicaragua are plotting to destroy the Army and the police that are clearly identified as offspring of the revolution and not of the counterrevolution. So, this is another contradiction we have been experiencing throughout these past years. It has prompted differing reactions and positions within the Sandinist family.

There is also the National Assembly. It is no longer the Assembly in which we held a majority. It is the National Assembly where we are the main political force but without a majority. We have 39 deputies. It is a new experience, but one that has also resulted in contradictions. There is also our work at the municipal level done by councilmen at mayoralties where the FSLN won.

This new context creates new types of contradictions: the privatization of state-owned enterprises. Because of the struggle we headed, in which workers and peasants courageously defended their enterprises, we advocated the transfer of these enterprises to the workers. However, problems arose later with regard to the fulfillment of duties.

As has been mentioned on several occasions, the struggle is being carried out by one sector, not the majority sector. Most Nicaraguans are not participating in the struggle directly. The struggle is being carried out by the peasants, the workers of enterprises, the companeros, the tobacco factory workers, the coffee and rice workers, and the workers at agricultural enterprises. They are not [words indistinct] Nicaraguan people but they are defending basic achievements for the democratization of the country's economy which is aimed at a better distribution of Nicaragua's wealth and achieving stability for the benefit of the nation.

Thus, if [words indistinct], if we want to gather a certain sector so that the struggle will be for the benefit of Nicaraguan society, we must defend an economic model that is truly democratic and must include a better distribution of property.

The defense of the workers' property is a struggle that has resulted in contradictions. But after the enterprises were privatized and put in the workers' hands, new contradictions appeared among the workers. The enterprises (?went broke) and the workers became unemployed. [Words indistinct] these enterprises privatized for the benefit of workers have left workers without any benefits.

There are very clear explanations with regard to this but this has created new contradictions in the great Sandinist family, contradictions among the workers.

We could [words indistinct] many contradictions caused by the new situation. These contradictions have become evident throughout the country; that is why it was so important to hold this coordinated congress session. Why? To hear the questions of the FSLN and to achieve FSLN unity. Simply, the leadership organizations, as we said in the first FSLN Congress in 1991, could no longer provide answers to all these problems. In this way, with this special congress session, jointly with the debates on the economic problems and the situation in the rural

sector, we have discussed organizational problems. We also chose new authorities. We mainly chose new leadership organizations.

Yesterday, you issued a call for unity. We came to this special congress session for the sake of unity and, precisely, to achieve unity, we had to discuss the topics that have been the source of contradictions.

We would not have accomplished much by having each one of us explain our views; they are well known. The members of the previous National Directorate have voiced their views in the media many times. You know them. You have drawn our attention to the fact that we have been voicing our opinion in a way that does not help to better guide and unite the Sandinist population.

Imagine, then, if the members of the previous National Directorate had spent all day explaining our views and arguing, we would have gotten nowhere. The right path was to convoke the special congress session. Based on the discussions in this special session, we had to seek agreements on the issues that have separated us.

What is our stand in the face of the government? This is a separate issue. Consequently, it is a determining factor if the FSLN leaders were to abide by what the congress members say, which is the voice of unity. We must abide by what they say with regard to what? To problems that have been [words indistinct] voted democratically.

Another issue we must not hide is [words indistinct] methods. Then, this topic [words indistinct] Sandinist Assembly [words indistinct] contradictions continued. Thus, to solve this problem there was no other way than to begin discussions, but not among eight companeros of the National Directorate or among 70 members of the Sandinist Assembly. We had to go beyond that, we had to go to the territories, the assemblies in the departments and municipalities, and, finally, this special congress session to [words indistinct] last word, and in any case [words indistinct] leaders. The leaders have to be disciplined. With regard to what? With regard to the agreements that are made in this special congress session and this is how we will strengthen unity. [applause]

This has been a democratic process. Any companero who says that this was not a democratic process because things did not turn out the way he wanted, will not be doing the FSLN any good.

In this very same place, a little over four years ago, on 25 February, better yet, on the dawn of 26 February, we accepted the decision of the Nicaraguan people who voted against us. We accepted that decision here. We must also learn to be democratic within the Sandinist family. Being democratic involves accepting the vote cast by members of congress with regard to topics discussed in the statutes, the program, the topics that were incorporated in the session, and the authorities who were elected to the Sandinist Assembly, the National Directorate, and other commissions.

It would be bad for a companero to go out and say that this is not democracy, because I would ask him: What is democracy then? People cannot be democratic from an anti-democratic position. That would be a position one would assume if things do not come out the way one thinks they should. If they do not, then one gets upset and rejects the vote. Thus, one would be disregarding the capacity, the intelligence, and wisdom of the companeros who discussed the issue. One cannot go around saying that it was not worth it, simply because things did not work out the way someone felt they should have.

We must strengthen the Sandinist family's democracy with deeds more than words. Of course, [words indistinct] perhaps it is hard for us to be consistent with democracy. We all say we favor democracy but when the time comes, not all of us keep our commitment with democracy.

In the elections here, we must emphasize that the will of the assembly held in the territories and in this congress with regard to the quotas given to women has been respected.

But it must further be stressed that the five companeras who became members of the National Directorate got their positions without the need for a quota. According to a report by the companeros in the Electoral Committee, the companeras received enough votes for membership in the National Directorate. [applause]

Seventy-five percent of the Sandinist Assembly was renewed, and this will inject new strength and energy into the FSLN. They included two mayors, 12 deputies, and 10 departmental political secretaries. Thirty percent of the Sandinist Assembly, as agreed, is made up of women whom, we are sure, will strengthen the work of our organization.

The candidates who received the most votes in these elections were women. Gladys Baez got 365 votes and Carmen Villanueva had 345 votes. [applause] In the Sandinist Assembly, there are at least 15 companeros who come from the ranks of Sandinist youth. The youngest is Maria Esther Solis, who is 22 years old. [applause] Also in the Sandinist Assembly is a mother of heroes and martyrs, Gloria Martinez, who lost three sons. [applause]

Three companeros from the Atlantic coast have joined the National Directorate: companera Dorotea [Wilson], companera Mirna [Cunningham], and companero Lumberto [Campbell]. Las Minas, Bluefields, and Puerto El Rio are represented here.

When the special session began, there were 487 or 488 congress members. In the last vote, the Electoral Committee companeras just told me, there were 447. In total, 447 companeras and companeros voted. This shows true discipline, true commitment.

All the brothers, companero and companera congress members who have been meeting and participating in

the debates and decisionmaking process in this special session show the high spirit [words indistinct] sleepless and tired to the last minute of this special congress session.

But, well, we are going to begin working. There is a transitional provision that was approved. It was the last provision approved here in the Congress, and it states: By the powers vested in the Special Congress session, the Sandinist Assembly is to hold elections for the members who will make up the National Electoral Committee. This election must be held during the first regular session of the Sandinist Assembly to be held within 15 days of the closing of the Special Congress session.

I want to propose here to the brothers and sisters of the National Directorate not to wait 15 days. Let us convoke the Sandinist Assembly this week, on Thursday. It will not be to discuss this topic but to draft a work agenda so that we can begin complying with the decisions made by the companeros who participated in this special congress session.

We are closing this special session in the hope that it will yield positive results for FSLN unity. We must report that some companeros who have been members of our leadership are now members of the Sandinist Assembly. Nevertheless, we are sure that the companeros and companeras who have held specific posts will continue to work in and for the FSLN. We must make an effort so these companeros and companeros do not feel hurt or mistreated by the democratic decisions made in this special congress session. We must continue to defend the participation of Nicaraguan people, who come from various economic and social sectors, in work with the FSLN. We are not saying we favor an FSLN that excludes those who possess more and retain those who possess less or nothing. We will continue to struggle with an FSLN that opens its arms to all Nicaraguans who love this homeland, this people, and this revolution. Our brother Gerty Lewites, who has not left and we are sure will not leave, is here with us. [applause]

The time has come to act with great maturity and calm. Above all else, it is time to appeal to humility because all this will contribute so that unpleasant actions, such as decisions [words indistinct] and debates on subjects that have been voted and approved, with their corresponding reactions, perhaps have not been presented as we would have desired.

We have to wait, then, for that attitude [sentimiento] that I mentioned to ensure that our FSLN is indeed strengthened, that unity is indeed strengthened, and that we defend it every day with words and deeds. Long live FSLN unity! [Audience responds "Viva!"] Long live the unity of all the people! [Audience responds "Viva!"] Sandino lives! [Audiens responds "Sandino lives!"] Free homeland! [Audience responds "Or death!"] [applause]

Daniel Ortega Reelected FSLN Secretary General

PA2305154094 Paris AFP in Spanish 1456 GMT 23 May 94

[Text] Managua, 23 May (AFP)—Official sources have reported that today, at the conclusion of the Sandinist National Liberation Front [FSLN] Special Congress, former Nicaraguan President Daniel Ortega was reelected secretary general of his party for a new three-year period.

Ortega was able to secure the support of the majority of the "orthodox" sector of the FSLN for his proposal to maintain the party's traditional struggle politicies in opposition to the current endorsed by his election adversary, Henry Ruiz, a legendary Sandinist leader who represented the reformist sector of this political organization.

Commander Tomas Borge Closes FSLN Special Congress

PA2305232694 Managua Radio Sandino in Spanish 1513 GMT 23 May 94

[Statement by Commander Tomas Borge to close the Sandinist National Liberation Front, FSLN, Special Congress at the Olof Palme Convention Center in Managua—live]

[Text] [Words indistinct] shown by you during 76 hours of nearly uninterrupted work, with the efforts of support teams—which have carried out their work unselfishly—with the efforts of the Electoral Council—which has worked virtually without rest just as we did—[and with the efforts] of the entire personnel, the physicians, and others who helped us ensure that this Congress worked, and with the extreme discipline, mutual respect, and the joy that was present in this event.

I do not know how to reward you other than by expressing our affection, but perhaps the biggest reward that we could give you after these 76 hours, is to be brief now. Thus, I declare the FSLN Special Congress closed. [applause]

Ortega Loyalists 'Purge' Ramirez, Others Within FSLN

PA2305193294 Hamburg DPA in Spanish 1631 GMT 23 May 94

[Text] Managua, 23 May (DPA)—Former President Daniel Ortega, via an apparatus that remained loyal to him during the Special Congress that ended here today, has led his party into a stage of purging those Sandinist leaders who were promoting the change and renewal of the Sandinist National Liberation Front (FSLN).

As Ortega exerted control over the party and was reelected to another three-year term as FSLN secretary general, he was able to convince his delegates to purge the leader of the Sandinist bloc, writer Sergio Ramirez

Mercado, who heads a reorganizational current that identifies itself with "a Sandinist party that is returning to the majority."

The "overwhelming number" of delegates loyal to Ortega also purged Commander of the Revolution Jaime Wheelock Roman, who is currently attending Harvard University in the United States. Ramirez, as well as Wheelock, were members of the FSLN National Directorate.

The purge also affected the highest decisionmaking organization within the FSLN (the Sandinist Assembly), which previously had 120 members, 57 of whom (48 percent) were purged from their posts within the assembly. Some 15 new posts were created for members closely connected to the orthodox group, whose improved position in the body will have a negative effect on eight deputies, a minister in Violeta Chamorro's administration, and Supreme Electoral Council (CSE) President Mariano Fiallos Oyanguren.

Some 78 percent of the highest FSLN organization are now members associated with Daniel Ortega's orthodox current. Meanwhile, the reorganizational sector only garnered 22 percent of the posts in the elections held at the Sandinist session, whereby the statutes and internal regulations of the party were reformed.

The FSLN National Directorate, which previously had nine members, was enlarged to 15 members during the Congress. Tomas Borge, former interior minister during the Sandinist regime; Daniel Ortega; Bayardo Arce; Rene Nunez; Henry Ruiz; Victor Tirado Lopez; and Luis Carrion were reelected as National Directorate members. Meanwhile, Monica Baltodano, Lumberto Campbell, Victor Hugo Tinoco, Rene Vivas, and Dorotea Wilson, all from the orthodox current, as well as peasant Benigna Mendiola, Deputy Dora Maria Tellez, and Mirna Cunningham, all from the reorganizational sector defeated by the conservative current headed by Daniel Ortega, were elected as new members of the Sandinist Directorate.

After Sandinist bloc leader Sergio Ramirez was purged by the orthodox group, he reported hegemonic practices were carried out at the Congress, and, in turn, he informed journalists that the party is already divided, which will prompt yet another crisis within the FSLN bloc in Congress.

Because of reforms to the FSLN statutes, Daniel Ortega was granted maximum authority that could even help him occupy Ramirez's seat in the Parliament, thereby replacing his main ideological enemy. This situation could trigger the division of the FSLN bloc.

Only five of the 39 FSLN deputies are loyal to Daniel Ortega, which indicates that should the reelected secretary general want to install himself as chief of the FSLN legislators by ignoring the regulations established by the deputies to reelect their leader, the Sandinist bloc could join other legislative blocs that make up the Political Bloc Council, thereby leaving deputies loyal to Ortega in a minority bloc.

The FSLN Special Congress also will prompt purges in the mouthpieces of the party, especially in BARRICADA, run by Carlos Fernando Chamorro Barrios (President Violeta Chamorro's son), who belongs to the reorganizational current of the FSLN.

As she hinted that Ortega will appoint himself or another FSLN deputy as leader of the Sandinist bloc, Monica Baltodano, new member of the Sandinist Directorate and representative of the orthodox current, said the editorial line of the aforementioned newspaper will be revised.

Only 487 of 566 national delegates attended the Sandinist Congress. Daniel Ortega is controlling most of them.

Sandinist sources reported that nothing focusing on the unification of the party was discussed at the Congress, although in speeches by orthodox members, including the closing speech by Daniel Ortega himself, Ortega was depicted as an advocate of party renewal. As he talked about those purged within his party, he pointed out that these people personify the bitter results that must be accepted under Sandinist democracy.

The Sandinist session, which took place at a convention center in Managua, and which was guarded by nearly 100 plainclothes and armed police officers, cost the party $350,000.

Cristiana Chamorro Views Status of Sandinist Front

PA2205193894 Managua LA PRENSA in Spanish 20 May 94 p 12

[Article by Cristiana Chamorro Barrios: "The Sandinist Front Today"]

[Text] The electoral experience in 1990 and the one in 1994 on the Atlantic coast were evidence that the Sandinist Front was worn out, a situation that is somewhat unusual for a party that has been comfortable in opposition. It is obvious that the two political setbacks were caused by differences among its leaders—the "historic vanguard"—and the workers and peasants they claim to represent.

According to the Marxist-Sandinist theory implemented in Nicaragua during the 1900's, "the masses were not cultured." They had to be educated politically because their interests at the "moment" did not coincide with the long-term interests of the Sandinist revolution.

The party leadership, therefore, said it had to interpret "the people's will" and consequently lead them down a certain path, even if in contravention of the people's will. After all, the Sandinist Government system had the coercive means to "convince," warn, or exclude those who doubted the validity of its arguments.

The fact is that the Sandinist Front lost power; this was not envisioned in any chapter of its doctrine. In 1990 the government of Violeta Chamorro changed the historical tradition from dictatorship to democracy—destroying the adversary through a policy of reconciliation—and the Sandinist Front did not have a violent or defying opponent that could justify the preservation of its authoritarian and rigid position.

The new democratic order penetrated the party structures, allowing its rank and file the space and means to express its opinions freely, evidence of the contrasting interests between the FSLN [Sandinist National Liberation Front] and its masses until the latter, one way or another, had its interests prevail over the messianic projects of the vanguard. Among other failed plans was the idea of regaining power by creating revolts, strikes, kidnappings, disturbances, social disruption, and chaos that would supposedly topple the new system established by the people's vote.

Finally, Nicaraguan democracy dragged the party deep into an identity crisis. Today it is divided between the interests of the rank and file, which is contaminated by democracy, and those of the messianic projects. Apparently, the democrats have found an interpreter in the self-styled "For a Sandinism that will return to the majority" trend. They are proposing changes to the rigid party position, making it conform to democracy. They believe that if the party does not achieve ideological, organizational, and structural democratization, the FSLN will be abandoned by the popular groups that still follow it and will be reduced to a small group of agitators.

The other current, which controls the chains of command on diverse levels of the party's current organization, is the self-styled "Democratic Left." Apparently it is not willing to accept a renewal that would allow participation by the rank and file. Recent party assemblies, convened before the special congress that will be held today, have confirmed that the FSLN is dominated by its inability, both structural and ideological, to adapt to Nicaragua's existing democratic circumstances. Majority resolutions against the Democratic Left were eliminated and manipulated by the party, confirming that that sector is not ready to relinquish its privileges.

The special congress today offers the FSLN an excellent opportunity to overcome that division and emerge as a single, strong, organized party, committed to democracy, peace, and economic development. If this commitment is not achieved, those who have proclaimed the renewal and democratization of the party will have only two alternatives: to perish politically, devoid of credibility, or to be true to their proposals, ridding themselves of their rigid position in order to be reborn democratically in the modern history of Nicaragua.

Paper Reviews New Military Penal Code

PA2305031194 Managua EL NUEVO DIARIO in Spanish 21 May 94 p 4

[Article by Edgard Barberena S.: "Aspects of New Military Law"—part one]

[Text] The new military law establishes that military members who commit common crimes will be tried by common courts and will only fall under military jurisdiction for crimes that are strictly military. This will be outlined in an upcoming law that will be called the military penal code.

While this (military) penal code and its respective provisions are not approved by the National Assembly, the regular tribunals will continue to function temporarily. With the approval of the military law, no civilian can be brought before a military court.

Succession to Civil Power

The new military law, which will be discussed by the National Assembly, establishes clearly in article 7 that the Army is subordinate to civilian authority, which falls under the powers of the president of the republic in the exercise of his supreme post. Article 7 states as follows:

The Army will be subordinate to civil authority, which will be exercised by the president of the Republic as supreme commander of the Armed Forces of defense and security of the nation, as the constitution provides. The president of the Republic, with respect to the Army, will have the following powers and attributions:

1. To dispose of the Armed Forces in conformity with the political constitution and the law.

2. To authorize the departure of Army troops abroad to fulfill peace missions, in accordance with the Constitution, international treaties, and agreements on the matter.

3. To order the Army to allow the transit through national territory of troops from another country, in accordance with the Constitution.

4. To order military operations by the Army in defense of the country, or against groups or organizations of armed rebels in the national territory.

5. To order the intervention of the Armed Forces in the event of revolts, mutinies, disturbances, or disruptions of public order that exceed the capability of the National Police forces to quell them.

6. To appoint the Army commander in chief at the proposal of the military council.

7. To remove the Army commander in chief solely in the event of the following cases:

a) insubordination.

b) disobedience of orders issued by the president of the Republic in the exercise of his post.

c) being condemned by a sentence issued by the commission for a crime which merits a penalty other than a corrective one.

d) physical or declared mental incapacity in accordance with the law.

8. To approve and grant, in accordance with the law and at the proposal of the Military Council, the grades of general officers.

9. To order the deployment, through the Army commander in chief, of the persons indicated in Article 2, Paragraph 4 in the event a national emergency is declared.

10. To appoint the officers who will occupy posts of military attaches and those who will represent Nicaragua before international military organizations, at the proposal of the Army commander in chief.

11. To grant military decorations and awards of the nation to meritorious military members or to propose to the respective institutions that they be granted the same.

12. To take the oath of loyalty to the Constitution and laws of the Republic from members of the High Command and of the Military Council who are ex officio.

13. To guarantee the conditions, resources, and mechanisms so that the Army can fulfill the mission of defending the fatherland, national territory, independence, and sovereignty, as well as maintaining peace and interior security, and other missions assigned to it by the Constitution, this Code, and other laws.

14. To approve the budget proposed by the Army, for its future inclusion in the Government's General Budget Draft that will be submitted to the National Assembly, and to revise and control the Army's finances in keeping with the laws of the republic.

The Military Social Security Institute, which will be included in the Military Code, will receive the funds obtained by the EPS [Sandinist People's Army] from the sale of helicopters and weapons to the Government of Peru.

The Institute and any other government institution will be financially controlled by the corresponding government organization, it was learned.

Alfredo Cesar Views Relations With Government

94P20784B

[Editorial Report] Managua LA TRIBUNA in Spanish on page 3A of its 24 April 1994 edition reports that, according to former National Assembly president Alfredo Cesar, the seven remaining parties of the National Opposition Union plan to remain in a coalition through the end of President Chamorro's term, but are uncommitted to an alliance for the 1996 election. He stated: "The parties are united by a commitment to put into effect the government program." Cesar denied that he has lobbied for the position of finance minister because of rumors that Finance Minister Emilio Pereira will leave the post. He said that he does not wish to work with a government which has lost "influence and credibility....I have no relations with (Presidency) Minister Lacayo, nor do I want to. Not with Lacayo or any member of the government team." With regard to 1996, Cesar observed that a liberal-conservative alliance of two or three parties is "possible" and "desirable." Based on recent polls he predicted that no member of the government will win more than 8 to 10 percent of the votes in 1996.

Private Banks Acquire State Bank Loans

94P20784A

[Editorial Report] Managua BARRICADA in Spanish on page 6 of its 27 April 1994 edition reports that the Bank of Nicaragua (Banic), which is near its lending capacity, sold to the Bank of Central America part of its 60 million cordoba loan portfolio in order to increase its loans to the production sector. Banic General Manager Esteban Duquestrada pointed out that while banks are allowed to lend up to 16 times their capital, the private banks are "generally reluctant" to grant credit. The sale of the loan portfolios is being financed by AID, according to the article. Duqestrada said that one of the drawbacks of the program is that state banks are losing their best customers to the private banks, which will only purchase the portfolios of the best loan risks.

Panama

PA Party Accepts Sousa Lennox's Resignation

PA2405023394 Panama City LA PRENSA in Spanish 22 May 94 p 2A

[Report by Jose Otero]

[Text] Arnulfist Party [PA] President Mireya Moscoso de Gruber reported that the PA National Directorate has decided to accept the resignation of Carlos Sousa Lennox, who accepted a post in the Ernesto Perez Balladares administration, rather than expell him from the party.

Sousa Lennox, current director of the National Association of Cattlemen (Anagan), will head the Agricultural Development Ministry (Mida) as of 1 September when Perez Balladares' presidential term begins.

Moscoso de Gruber added: "Sousa Lennox believes agricultural interests are more important than the interests of the PA, so he resigned."

Perez Balladares offered the PA two ministries, but the Arnulfist leadership forbade its members from occupying posts in the incoming government and threatened to expel them from the party if they did.

According to Gruber, Sousa Lennox's resignation did not puzzle or surprise her and she accepted it without demanding an explanation. The PA leader said: "He was offered the ministry, and we knew he would accept and resign from the party. That is why I personally accepted his resignation without delay."

Sousa Lennox presented his resignation at the beginning of the week, saying that the interests of the agricultural sector and of the group of producers he represents are more important than his party's zeal.

Future Planning Minister Discusses Priorities

PA2405042394 Panama City EL PANAMA AMERICA in Spanish 22 May 94 p B1

[Report by Jose Hilario Gomez]

[Text] Panamanian economist Guillermo O. Chapman, Jr. will be President-elect Ernesto Perez Balladares' planning and economic policy minister. In exclusive statements to EL PANAMA AMERICA, Chapman explained what his first actions will be as planning minister.

First he will "draw up a current account budget with work programs and investments that reflect the priorities of the new government. This is an essential instrument for governing, " he stressed.

Law No.32 of 31 December 1993 established the State General Budget at 3.9034 billion balboas, 1.9286 billion balboas of which correspond to the central government's budget.

"I believe the budget policy must be guided by the objective of generating savings in the current account—in other words, more revenue than operational expenses—so we can use the savings to finance the investment program," Chapman said.

The central government's 1994 budget plans for 1.4158 billion balboas in current revenue and 512.8 million balboas in capital. Of these, 324.3 million balboas will come from external credits (IFI's [International Financial Institutions], credits, donations from governments and other institutions).

Chapman admitted that the reality of this country and of all countries is that governments do not have the capacity to finance investment programs themselves. "If we want to undertake the ambitious investment program that the country requires, we need foreign financing. That is inevitable," he added.

"From a basic standpoint, the country needs to draft its own economic plan that emphasizes national priorities based on the new government's viewpoint," he said.

According to Chapman, "the economic program must serve as a guide for the implementation of subsequent budgets and for Panama's relations with the IFI."

"My intention, and I have spoken about this in detail with the president-elect, is to invert the traditional relationship that Panama has had with the IFI. Throughout this relationship, we have responded to their initiatives rather than to our own," the economist added.

The new economic plan will bear in mind the positive aspects of the current Strategy for the Modernization of the Economy. The economist indicated that "perhaps due to the political structure of the Endara government, it is an incomplete strategy. It lacks some key elements for improving the economy's productivity."

"For a program to be successful domestically, it must be gradual and coordinated. This tells us that so-called shock treatments make no sense. I do not believe in that," the president of the Investigation and Development Company (INDESA) said.

A third priority for the future planning minister "is to develop, simultaneously with the two previous priorities, a social action program organized on a scientific basis with clear national objectives.

The main ills affecting Panamanians are unemployment and poverty. According to official figures, unemployment is at 14 percent and poverty and extreme poverty affects 50 percent of the country.

According to Chapman, the initiatives to fight poverty must be directed at the poorest sectors while achieving economic growth.

In the last four years, the Panamanian economy has registered growth rates of 3.4, 5, 8, and 5.9 percent. Nevertheless, this behavior is due to special situations related to the economic and political crisis of 1988 and 1989.

The future planning minister said "this high growth will not be maintained." Nevertheless, the country is sustained by strong foreign exchange stemming from mature industries that are condemned to slow growth while others will disappear, such as the military bases. [sentence as published]

"The objective of the economic plan is to achieve competitiveness to attract the foreign investments that have not come to Panama over the past 10 years. This will generate more jobs and improve purchasing power," Chapman said.

Asked about the populist and producer-state theories promoted by the Democratic Revolutionary Party (PRD) in the 1970's, Chapman said: "Only God and rocks do not change. Ideas and people change."

Chapman indicated that privatization is not a panacea. If it is not done well, it could create serious problems. Privatization is justified when it produces social benefits or accomplishes objectives that could not be reached otherwise."

A serious obstacle the new administration will face beginning 1 September is the servicing of the commercial debt, which in December 1993 reached $1,978,200,725, not including interest, which amounts to more than $1.2 billion.

"This is a serious problem that must be handled carefully," Chapman said. Meanwhile, the negotiating team of the current administration is trying to reach an agreement that will benefit the country.

The economist said educating Panamanians to meet today's demands is another priority task. "There is no reason why Panamanians cannot have the same productivity as the Japanese, Koreans, and Chileans."

Chapman told EL PANAMA AMERICA that "there are great expectations in the private sector about the opening of specific opportunities for investment."

"I am very optimistic about Panama's future, even though we have such serious problems as the commercial debt, poverty, and unemployment. I have accepted the post because I want those opportunities to materialize," Guillermo Chapman said.

Commission Safeguards Land Communication Progress

PA2405034194 Panama City EL SIGLO in Spanish 22 May 94 p 6

[By David Daniel Victoria]

[Text] The Colombian-Panamanian Neighborhood Commission agreed yesterday to send a note to Enrique Iglesias, president of the Inter-American Development Bank (IDB), creating a permanent organization to safeguard the progress of land communication between the two countries, an official source reported yesterday.

According to the source, the IDB committed itself to granting a nonreimbursable credit for $1.5 million for a study on the environmental impact of the construction of a highway linking Colombia and Panama.

During yesterday's meeting, it was agreed to create a banking and finance subcommission, and procedures were outlined to establish border markings. Also, an immigration agreement will be reached to provide documents for 15,000 Colombian immigrants who are in Panama illegally.

The Neighborhood Commission met for two days on Contadora Island for the last talks by Colombian delegates under the current government.

It was learned that the permanent commission for land communication, which will be made up of authorities from both countries, will define reference terms for the environmental impact study and explore possible sources of financing for the highway between Panama and Colombia.

Argentina

CILFA Official Calls Possible U.S. Sanctions 'Illegal'

PY2005235394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2130 GMT 20 May 94

[Excerpt] Buenos Aires. 20 May (NA)—The trade sanctions that might be applied by the U.S. Government against Argentina if it does not approve a patents law by 30 June were termed "an illegal and illegitimate action" today by Pablo Challu, executive director of CILFA [Argentine Industrial Center of Pharmaceutical Laboratories].

In a new CILFA onslaught against the U.S. Government, Challu said Ambassador James Cheek "is mistaken" when he justifies the "threat" of trade sanctions with "the argument that GATT acts a reference."

While the draft of a new patents law continues without resolution in Congress, the pressure of interested groups was again refloated this week.

In his most recent meetings with the media, Cheek took advantage to once again apply the thumbscrews on the topic of patents, and on 19 May, after meeting Radical [Radical Civic Union] deputies, he warned that trade sanctions "will be unavoidable" if the new law is not approved.

Meanwhile, CILFA, through its executive director, today parried these remarks with an ardent defense of the GATT agreement's precepts.

"The countries that signed the agreement are not obliged to approve patent laws that surpass the norms established in it," Challu emphasized.

The executive director of the organization that groups national laboratories considered it a "mistake" to justify that GATT "is a reference point that must be taken into account by the countries that must introduce greater protection."

This is exactly one of Cheek's justifications to insist that Congress approve a law that will favor his country's laboratories.

To disqualify these justifications, Challu today clarified that despite the fact the Article No. 1 indicates that GATT members can include complementary protection in their national legislation in addition to the protection demanded by the agreement, "this cannot violate its precepts."

Challu stressed that due to this motive "there is no obligation for Argentina to grant those greater concessions."

"The unilateral U.S. trade sanctions are an illegal and illegitimate action because it is not contemplated in the GATT nor in any other international legislation," Challu stressed. [passage omitted]

UCR Deputy Accuses U.S. of Using 'Carrot-and-Stick Policy'

PY2005234094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2152 GMT 20 May 94

[From the "Congressional" column: "Not in English"]

[Excerpt] Buenos Aires, 20 May (NA)—An odd episode took place at the meeting Radical Civic Union [UCR] deputies held with U.S. Ambassador to Argentina James Cheek to discuss Congress's deadline for passing the bill on invention patents.

The U.S. ambassador was received by the lawmakers at the staircase leading to the Chamber of Deputies. UCR Deputy Elsa Kelly extended Ambassador Cheek a welcome in English.

Without batting an eyelid, the U.S. ambassador replied in correct Spanish, leaving Kelly in quite an awkward situation. It seems the latter does not know that Cheek has not spoken his native tongue since he arrived in our country to begin his tour as ambassador.

Leaving aside this language issue, UCR Deputy Ernesto Algaba described the meeting's outcome without resorting to euphemisms. He said: "This is a carrot-and-stick policy, pure and simple."

Algaba emphasized: "When it suits them, we belong to the First World and when it does not, we belong to the Third World. On the one hand, they want us to enact legislation according to that of an industrial country, and on the other hand they treat us like an underdeveloped country in what pertains to trade matters." [passage omitted]

Deputy Wants U.S. Ambassador Declared 'Persona Non Grata'

PY2305172294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1548 GMT 21 May 94

[Text] Buenos Aires, 21 May (NA)—Progressive Democratic Party [PDP] Deputy Aiberto Natale emphasized today that U.S. Ambassador to Argentina James Cheek "should be declared persona non grata over his obvious meddling in the domestic affairs" of our country.

Natale criticized Cheek's position of "putting forth pressure, with all the means at his disposal, to effect changes in the patents law which would make it conform with the aspirations of U.S. pharmaceutical laboratories."

In a press communique, the legislator says: "The ambassador is confusing an expression of his compatriots' hopes of trade interests with the implementation of pressure through blunt threats, over the possibility that Congress will not fulfill their aspirations."

The PDP congressmen bloc leader noted: "An old Louisiana state law from the last century established that pressures are being exercised every time efforts are made

to achieve results on a government decision by using any means other than resorting to reason."

In this regard, Natale said: "This is exactly what Cheek is doing and what, within diplomatic circles, is described as the right of the recipient country [pais recipiendario] to declare the official doing this as persona non grata."

Concerning the patents law, Natale indicated that we Argentines "have been governed by Law No. 111 since 1864, a law that we will change when the appropriate constitutional agencies decide to do so, and not when it coincides with the interests of foreign laboratories."

Ambassador to U.S. Supports Patents Law

PY2305163394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2315 GMT 22 May 94

[Text] Salta, May 22 (NA)—Raul Granillo Ocampo, Argentine ambassador to the United States, said that he supports the approval of a patents law, adding that "all countries, and not only Argentina, agree that it is advisable to recognize the intellectual rights of researchers."

Granillo said: "This is accepted even by the association organized to defend national laboratories. Besides, it is not an Argentine commitment with the United States alone, it is a commitment with the entire international community."

The ambassador recalled that Argentina "and another 106 countries signed the GATT agreement," which "obligates" Argentina "to approve a law recognizing patent rights."

"The real problem will be if Argentina wants to join NAFTA, because the requirements here are much tougher and anyone wanting to join in must respect the local rules of the game," Granillo Ocampo said, during an interview with the daily EL TRIBUNO from this provincial capital.

Granillo Ocampo said Argentina "will try to balance what we and others must give up," adding that "we must not be afraid of this type of conflict, as on most other topics we are working in absolute harmony, together and in agreement."

The Argentine ambassador said "it was vital" for Argentina to join NAFTA "to consolidate the model," because "when a country coordinates its macroeconomic polices with other countries, the rules of the game are consolidated and stabilized."

Regarding Argentina's trade deficit with the United States, Granillo Ocampo said the situation was not dramatic, as the deficit is the result "of an important increase in imports in capital goods used in the incorporation of new technologies."

"Argentina let a lot of time go by without investing in technology. The deficit ended up producing a very large hole, which condemned the country to suffer a loss of competitiveness and trade deficits," Granillo Ocampo said.

The ambassador dismissed the possibility of creating a common front with Australia and the United States on agriculture subsidies, adding that "we are negotiating only because we must face a situation that hurts us all."

Regarding the purchase of planes equipped with radar, the ambassador said the country "got the planes it was looking for."

Asked about the possible sale of Pampa planes to the United States, Granillo Ocampo said: "Price conditions established in the offer will determine whether we can go ahead with the deal."

Cavallo on Elections, Economy, Far East Visit

PY2005140794 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1933 GMT 19 May 94

[Text] Buenos Aires, 19 May (NA)—Economy Minister Domingo Cavallo today ruled out the possibility of joining Carlos Menem on a potential Justicialist Party presidential ticket for next year's elections, and claimed that these reports "aim at provoking confrontations with other candidates."

Cavallo stressed that he has "a great responsibility" as economy minister. He believes that those who are proposing him as a vice presidential candidate are doing it "to create an atmosphere of internal confrontation with other candidates."

Cavallo, who will participate tomorrow in a cabinet meeting in La Rioja Province after having returned from a tour of Korea and Japan, noted that "his concerns were very well received" in those two countries. He confirmed "the possibility of increasing exports" to Seoul.

The economy minister described as "complete nonsense" an article published by a Buenos Aires morning newspaper that he would be forced to devalue the peso without touching the dollar.

Cavallo emphasized: "Fortunately, markets pay no attention to this type of commentary."

Cavallo noted: "This is evidenced by the fact that the interest rates quoted in pesos are as low today as they were three months ago, despite the soaring interest rates quoted in dollars worldwide."

Cavallo said this "demonstrates the strength of Argentina's monetary and foreign exchange system." He emphasized: "Virtually no one speculates against the value of Argentine pesos, and the people are convinced that the Convertibility Law will last a long time."

Upon assessing his visit to Korea, Cavallo said he discovered in Korean entrepreneurial circles "great interest in the possibility of investing in Argentina."

Cavallo noted that some "large-scale" Korean investments in Argentina would begin to materialize in a short time.

In this regard, the economy minister said that Korea "will not aim to introduce goods made with cheap labor into our country, as there is no cheap labor in Argentina." In his opinion, "growth and the atmosphere of stability" attract investments.

Cavallo stressed: "In Argentina, as in Korea, they will have to manufacture products at a high or intermediate technological level, as the only way countries can pay high salaries is to manufacture high quality goods or create high quality services."

In remarks from Tokyo for radio "La 990" of Buenos Aires, Cavallo emphasized that "an atmosphere of stability prevails both in Argentina and throughout Latin America." He stressed: "We have the lowest inflation rate in Latin America, and we are growing."

Cavallo emphasized: "The Koreans and Japanese are interested in countries with dynamic growth rates, as they are used to an unending economic expansion, and Argentina now ranks third for the greatest growth rate over the past three years."

The economy minister also emphasized that the companies "see that our country has a policy that facilitates investments, as there are now no taxes on investments, and labor costs are being reduced."

In conclusion, Cavallo said: "I also trust in the implementation of a good labor reform that will allow our country to export to many more countries in the world, and specifically to all Latin American countries."

Menem Denies 'Cabinet Crisis'

PY2305182894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0256 GMT 21 May 94

[Text] La Rioja, 20 May (NA)—President Carlos Menem tonight denied the existence of a cabinet crisis prompted by disagreements between Economy Minister Domingo Cavallo and Presidential Secretary General Eduardo Bauza over the establishment of a security "super secretariat."

Menem said the decision to establish this secretariat and "to subsequently convert it into a ministry was made and acknowledged."

Nevertheless, Menem confirmed that this issue "was not discussed during the cabinet meeting." He announced that "maybe next week or later we will have some information on this issue."

Menem said: "We keep talking about the issue. We must not forget that there are eight laws on the security issue and that two extremely important institutions, the Argentine Coast Guard and the National Border Police, are involved."

Menem confirmed: "They are all subordinated to the Defense Ministry and their activities are coordinated with the Interior Ministry."

Menem indicated: "This legislation must be reconciled. We will continue to discuss this issue next week."

After an alleged argument with Bauza, Cavallo today walked out of a cabinet meeting with the obvious goal of returning to Buenos Aires. Before boarding the plane, however, he was persuaded by Labor Minister Jose Caro Figueroa to return to the cabinet meeting.

Menem explained Cavallo's and Caro Figueroa's departures, claiming that he had asked them to submit reports "on the progress of their respective ministries."

The president stressed: "I asked them to supply information on these issues so that the cabinet would be duly informed on basic aspects of the progress achieved by the two ministries."

The president told journalists at a news conference in La Rioja that "anything else you may say is sheer speculation."

Nevertheless, it is still not clear why Cavallo and Caro Figueroa had to go at full speed to the airport to get the information requested by the president, nor does it explain the efforts by the guards to prevent the departure of the economy minister's car.

Cavallo Denies Resignation

PY2305195694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1217 GMT 22 May 94

[Excerpt] Buenos Aires, 22 May (NA)—Economy Minister Domingo Cavallo denied any intention of resigning over the dispute in the cabinet over the project to create a security super secretariat. He added: "If they are part of the government, those responsible for creating this terrible climate over the project must leave."

Cavallo said there is "a media conspiracy to stain the image of the Economy Ministry, and particularly the president."

Cavallo said: "I did not resign or even think about doing so." He added: "I am not scared as easily, particularly by press campaigns, as [former Interior Minister] Gustavo Beliz."

These remarks follow the cabinet crisis and bitter arguments between Cavallo and Interior Minister Carlos Ruckauf during a meeting in La Rioja on 20 May. Cavallo said the campaign began "when the press announced that the creation of the security secretariat and the appointment of Julian Licastro were my idea."

Cavallo said the conflict "has deeply hurt the government," adding that "those responsible for creating a wrong image of the project should leave."

The minister added: "The president had the idea of creating the secretariat. I told him I supported the idea but the proposal was not mine."

Cavallo told Buenos Aires newspapers that the fact that "the press campaign coincided with outrageous raids on the Economy Ministry, searching for papers that had been delivered to the court," was "intriguing."

Cavallo said the conflict affected him "marginally." He added that the campaign sought "to limit the president's prerogatives, while portraying the Economy Ministry as repressive, or something like that."

The minister observed: "No one, not even Cavallo or Bauza, imposes ideas or names on the president. Neither does the president go to work with a new minister the day after his appointment."

He added: "Those behind the campaign do not know the president."

Cavallo said: "President Menem's idea is very simple. He wants to divide the Interior Ministry in two. One section will handle political conflicts and the other will take care of security."

Cavallo said the first section "will require a lot of public coverage, press and television appearances, and dialogues with political leaders. This activity requires of a special type of person, like Ruckauf."

He said: "The president said we must separate politics from security." Referring to the interior minister, Cavallo said: "When Ruckauf talks about security, the surveys show us losing points."

He said: "Interior ministers all have that problem because the issue of security annoys them."

Cavallo said: "There are no legal problems, as the media mentioned." He thus referred to reports that the project to unify the Coast Guard, the National Border Police, and the police in a single body violated the 1991 Security Law. [passage omitted]

UCR Leader Rejects Project

PY2305200294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1730 GMT 23 May 94

[Text] Buenos Aires, 23 May (NA)—UCR [Radical Civic Union] Party President Raul Alfonsin has confirmed his rejection of a government project to establish a security secretariat. He believes this proposal "is at odds with a full state of law."

In a communique, the former Argentine president emphasized: "To establish this new government organization, it would be necessary to change basic laws." He asked the government "to maintain a responsible attitude, in keeping with our country's situation."

Defense Minister Downplays Cabinet Outburst

PY2405030994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1949 GMT 23 May 94

[From the "News Summary" column]

[Excerpt] Buenos Aires—Defense Minister Oscar Camilion stressed on 23 May that it was "only the usual and simple disagreements that often happen in governments" that occurred during the cabinet meeting held on 20 May in the city of La Rioja.

At the end of a ceremony commemorating the creation of the Grenadiers Regiment that took place this morning in San Martin Plaza, the minister avoided making any more comments on the 20 May meeting, although he did say: "No threats regarding resignations were made by the ministers," referring to Economy Minister Domingo Cavallo.

Regarding the Security Secretariat's creation, the defense minister said: "It is an initiative that merits study, but taking into account current legal norms that currently are in force." [passage omitted]

Cavallo Says Economic Plan 'Not Weakened'

PY2405030094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2332 GMT 23 May 94

[Text] Buenos Aires, 23 May (NA)—Economy Minister Domingo Cavallo believes the recent cabinet crisis "has not weakened the economic plan," and he indicated that it would be better not to create the Security Secretariat "until the public has been given an appropriate explanation about what is planned."

Cavallo referred to the controversial topic of the so-called super secretariat at the end of a ceremony in which agreements were signed for supplying drinking water to several provincial localities with financing from international organizations.

"President Carlos Menem has given a lot of importance to the topic and it is he who will finally decide it," the minister said.

Bolivia

Contradictory Reports on Military in Chapare

PY2305143694 Madrid EFE in Spanish 2050 GMT 20 May 94

[Text] La Paz, 20 May (EFE)—Today Bolivian authorities once again contradicted themselves regarding the alleged existence of guerrilla groups linked to drug trafficking and the entry of Army troops into the main coca leaf production area in Bolivia.

While Bolivian Social Defense Secretary Mario Soliz confirmed the military presence in the Chapare to investigate reports on the alleged presence of illegal armed

groups linked to drug trafficking, Bolivian Interior Minister German Quiroga said: "There is no such presence (nor) is the Chapare going to become militarized."

Soliz explained: "A situation that may be the beginning of a guerrilla movement has been detected through (Army) intelligence. Therefore, military troops must carry out the necessary investigations to prevent it."

On 17 May, the Army leadership issued a communique "categorically" denying press reports on the alleged deployment of troops to the Chapare region to "prevent 'narco-guerrillas' from getting organized."

The coca peasant unions rejected the official version, stating that the "'narco-guerrilla' is something made up by the government to intimidate the region's peasants" and voiced their concern over a possible "militarization" of the Chapare.

The Bolivian interior minister asserted that reports on "narco-guerrillas and militarization" in the Chapare are "smokescreens" with which the peasant leaders intend to "save their colleagues who were arrested" after drugs were found in their homes.

Quiroga held the peasants responsible for the version of the surfacing of a guerrilla movement linked to drug traffickers and the entry of Army troops in the Chapare, where most of the coca earmarked for the illegal production of cocaine originates.

On 26 April, Bolivian President Gonzalo Sanchez de Lozada warned that in the Chapare "there is a climate that could lead the drug cartels to a 'narco-guerrilla' process." The peasants interpreted this warning as an "insult" and reacted by insulting the chief of state.

According to Quiroga, some coca growers intend to distract the peoples' attention from the growing protection they grant drug traffickers they supply with illegal coca production.

He explained that last weekend, during operations carried out by drug enforcement forces in the Chapare, maceration pits were found on the land of coca growers "and, in the specific case of a woman leader, we found 20 kg of drugs in her home."

Bolivia is the second-largest coca leaf producer in the world after Peru, and experts believe it has become the second-largest country refining drugs in the world after Colombia.

Coca Growers Deny Militarization of the Chapare

PY2305182594 La Paz Radio Fides Network in Spanish 1100 GMT 23 May 94

[Text] The president of the five federations [of coca growers] of the Cochabamba tropical region has said that mobilizations could start at any moment. The coca growers are threatening to start blocking highways and stage rallies in Cochabamba demanding the abolishment of the supreme decree regulating the industrialization of coca leaf.

We will now listen to what Jorge Martinez has to say about the matter:

[Begin recording] [Martinez] [words indistinct] to again implement measures of pressure to demand the fulfillment of the claims made by the whole of Cochabamba because, so far, the government has done nothing but sign agreements and hold meetings, while in practice it has done nothing.

[Unidentified reporter] In addition to protest, will highways be blockaded?

[Martinez] There will probably be road blockades and protest marches in Cochabamba and the tropical regions. [end recording]

We wish to announce, moreover, that during our visit to the tropical region of the Chapare we were able to see for ourselves that there is no such militarization of the region; there are no troops in the tropical region of the Chapare, as has been reported.

This fact has been confirmed by William Condori, leader of the coca growers:

[Begin recording] In (Villa Catorce) and further inland, in the Simon Secure Park, we have confirmed reports that there is no type of militarization of the tropical zone in Cochabamba. We have also heard government spokesmen talk about the possibility of a militarization of the Cochabamba tropical region, but so far we have seen no troops. [end recording]

As you have just heard, there are no troops in the tropical Chapare region.

Condori also said there are no narco-guerrillas in the zone, and that it would be good for a special commission to enter the region to investigate reports of the alleged existence of narco-guerrillas.

Decree on Coca Leaf Industrialization Issued

PY2305145594 Cochabamba LOS TIEMPOS in Spanish 13 May 94 p 1

[All quotation marks as published]

[Text] La Paz, 12 May—Through a Supreme Decree signed by President Gonzalo Sanchez de Lozada and his cabinet, the government has approved the "Regulations for the Industrialization of the Coca Leaf," in compliance with the agreements signed last week by the executive branch with the five Federations of Coca Producers of the Chapare region of Cochabamba and Yungas, La Paz.

This supreme decree, which will take effect once it is published in the official gazette, states the following:

"Whereas:

Article 4 of the Law on the Regulation of Coca and Controlled Substances No. 1008 defines the legal use and consumption of coca, the social and cultural practices of the Bolivian population in their traditional manners, such as the "aullico" or chewing, medical, and ritual uses;

Article 5 of Law No. 1008 defines: "Other forms of legal use of the coca leaves that are not harmful to human health nor cause any kind of addiction, as well as its industrialization for legal uses, will be the object of special regulations;"

The Bolivian Government has signed and ratified the 1988 Vienna Convention, which in Article 14, Clause 2, states that the measures to eradicate the illegal cultivation of plants from which narcotics are extracted "must respect the basic human rights and must take into account the traditional legal uses of coca for which there is historical evidence as well as the protection of the environment;"

It is the government's obligation to regulate the industrialization process of coca leaf for medical uses, food, and other uses within the framework of current Bolivian and international norms;

With the purpose of promoting the industrialization of the coca leaf and to facilitate the application of Law No. 1008 according to the definitions of Articles 96 and 133 of the Bolivian Constitution and the international conventions on the subject;

It is hereby decreed:

Article 1. The regulations on the industrialization of coca leaf, made up of four chapters and 15 articles, and which constitute an annex of this Supreme Decree, are hereby approved.

Article 2. The regulations approved through this Supreme Decree refer to legal coca, not meaning that it is decriminalized, and authorizing its industrialization in certain volumes from coca leaf extracted from the traditional regions listed in Article 9 of Law No. 1008.

Article 3. Any product derived from coca leaf must not exceed an alkaloid content beyond what is established by our laws, international conventions, and the World Health Organization.

This Supreme Decree must be executed and enforced by the ministers of foreign affairs and worship, government, justice, finance and economic development, human development, national defense, sustainable development and environment, and social communication.

Human Rights Group Terms Situation 'Deplorable'

94SM0350A La Paz HOY in Spanish 3 May 94 p 5

[Article by unidentified author: "Fighting Crimes by Commiting Other Crimes"; first two paragraphs are HOY editorial introduction]

[Text] The APDHB [Bolivian Permanent Human Rights Assembly] states that almost all of the human rights guaranteed by the constitution are violated with the support of the governments in power.

"The APDHB does not defend criminals. We are not saying that we do not oppose terrorism or narcotics trafficking. What we say is that crimes cannot be fought by committing other crimes. Democracy has its own means of self defense, and that is what should be given priority."

On 2 May the Bolivian Permanent Human Rights Assembly (APDHB) officially stated: "Almost all of the human rights guaranteed by the constitution are violated in Bolivia with the help of government protection for excesses and abuses committed by police and other intelligence and repressive organizations and through the impunity which surrounds them."

The picture of the human rights situation is a devastating one because intelligence organizations and police forces have been accused by the APDHB of robberies, beatings, torture, improper arrests, kidnappings by persons wearing disguises and hoods, holding people incommunicado, raiding private homes and trade union offices, and other crimes.

However, the judges also stand accused because not only do they fail to investigate abuses and outrages reported by victims but they provide legitimacy to all of these proceedings.

In presenting an analysis of the human rights situation in Bolivia Waldo Albarracin, the president of the APDHB, has said that individual rights guaranteed by the national constitution are violated on a systematic and daily basis, condemning the people to growing anxiety and insecurity.

He added: "Fundamental rights are being violated. Unfortunately, the necessary political will is not being shown by successive governments, by the courts, and by Congress in setting up the machinery which would tend to ensure their full application."

Institutional Crime

The violations of the law committed by the Mobile Police Unit for Rural Areas (UMOPAR), which is charged with carrying on the fight against the narcotics traffic, and the United States Drug Enforcement Administration (DEA) are at the top of the APDHB list.

The president of the APDHB said: "UMOPAR raids homes, steals money and possessions under the excuse of confiscation, and improperly arrests people. There are

more places of detention than are authorized by law. UMOPAR uses safe houses where citizens accused of drug trafficking crimes are tortured."

In the same study the president of the APDHB said: "We have learned that telephones are being tapped, the right of privacy is being violated, and investigatory bodies have a free hand in committing a series of oppressive acts."

He added: "We believe that the struggle against the narcotics traffic is necessary and just. However, in the name of this struggle crimes are being committed by those in power."

State Terrorism

The APDHB said that the same thing is happening in connection with the investigation of cases and problems involving subversion. Using the argument of fighting against terrorism the national constitution is being violated.

The president of the APDHB said: "Unfortunately, the Special Center for Police Intelligence (CEIP) raids homes without a warrant. A large number of agents with their faces painted or covered up take people out of their homes and kidnap them because they have no warrant for their arrest."

He continued: "Furthermore, when family members complain, the police deny that their relatives have been arrested and only admit it publicly when they have obtained the information which they seek. They have even made prisoners confess things which they have not done, by subjecting them to degrading and humiliating treatment and torture."

He added: "It is difficult to identify the torturers, because the person arrested only sees another person wearing a mask."

Furthermore, the president of the human rights organization said that this kind of violation is accentuated when the case is turned over to the public prosecutor and, later on, to the ordinary courts.

The president of the APDHB said: "When a case reaches the courts, the judges, instead of ordering a detailed investigation of these violations or rejecting reports from the judicial police based on this kind of improper procedure, approve what has been done and order criminal trials."

Demonstrations and Repressive Acts

The APDHB stated that other, specific evidence of how human rights are being violated in Bolivia is found in improper and arbitrary arrests during demonstrations held to obtain salary increases and satisfy other types of economic and social claims.

The APDHB stated that: "The police go out to stop marches and arrest people they meet indiscriminately and without lawful authority, keep them under detention in police cells, and later on and without any evidence turn these people over to the courts. No one has put an end to this kind of violation."

Albarracin mentioned the case of Judith Munoz, a journalist, arrested on a charge of terrorism. An attempt was made to incriminate her "in one way or another," in her own words.

Despite the fact that on 2 May a favorable decision was made on a writ of habeas corpus in her case and the Committee on Human Rights in the Chamber of Deputies ordered her release and an investigation of the case, she still faces a campaign of terror.

Albarracin stated: "It would not be surprising if, over the next few days, new criminal allegations are made against her, out of vengeance or in an attempt to justify the violations which the police committed previously."

What the Police Do Not Know

The constitution clearly states that no one can be imprisoned except in cases provided for in the law. A detention order must be approved by a competent authority and must be issued in writing.

Albarracin said: "No order of arrest has ever been shown. On the contrary, the police arrest people with their faces covered up, thereby terrorizing those who are arrested."

The constitution states that holding a person in prison incommunicado cannot be ordered, except in cases of notorious seriousness and in no case for more than 24 hours. Albarracin said: "However, in Bolivia there have been cases of persons held incommunicado for more than 15 days."

The constitution also prohibits any kind of torture, extortion, or any kind of physical or moral violence, under pain of immediate dismissal. However, above all it provides that a person shall be presumed to be innocent unless his or her guilt is proved. All of these provisions are simply ignored.

Albarracin said that, as in the case of the above mentioned situations, there is a series of constitutional provisions which "amounts to nothing." He also pointed out that Law 1008 violates the whole constitutional structure, despite the fact that the constitution, the supreme law of the national, juridical structure, must be given precedence over ordinary laws and other legal provisions.

Albarracin said: "However, the police, under the protection of succeeding governments, violate the constitution with impunity, because these arbitrary actions are protected by the governments themselves."

Briefs on Socioeconomic Issues

94P20800

[Editorial Report] CARDENAS MEETS WITH EASTERN INDIANS—Meeting with representatives of Indian communities of Oriente, the Chaco, and the Amazon for the first time in the history of the Bolivian Republic, Vice President Victor Hugo Cardenas reviewed the contents of the Popular Participation Law promulgated on 20 April. He explained that the law recognizes peasant and Indian communities and, by increasing the number of municipalities from 21 to 301 nationwide, "will better cover health, education, and development needs in previously neglected areas." Cardenas stressed the importance of the right to vote under the new Law to elect officials who have the welfare of Indian communities in mind and who are committed to their development. He promised to push through Indian demands in the National Congress and said that he agreed with President Sanchez de Lozada that, without the development of these communities, democracy will remain "crippled."

Speaking on behalf of the Indian representatives, Vicente Pessoa, president of the Confederation of Indigenous People of Eastern Bolivia (CIDOB), affirmed his community's support for the Popular Participation Law if it responds to "specific demands" such as effective Indian participation in decisionmaking and management of the country, recognition of grass-roots organizations, and respect for traditional authorities and autonomy. Pessoa also asked that the Indian Law, which would guarantee Indian rights through succeeding administrations, be approved. The vice president responded that many of the concerns and principles of an Indian Law are already included in the Popular Participation Law and the Education Reform Law, soon to be passed in Congress. [Cochabamba LOS TIEMPOS 20 Apr]

URU INDIAN DEMANDS—Leaders of the Uru nation reject the government's new Popular Participation Law and instead have asked the government to reactivate the Integral Ethno-Developmental Plan launched in 1992 for the Uru, Ouechua, and Aymara communities. This plan aims at granting lands for agricultural use and raising of livestock, needed by these communities to "subsist and live with dignity," according to leader Juan Condori. He stressed his opposition to the government's Popular Participation Law, charging that "it is not true that it will serve the needs of the poorest." On the contrary, he said, this policy will "widen the gap between rich and poor." [La Paz PRESENCIA DEL PAIS 29 Apr]

POTOSI POVERTY—The Center of Studies for Labor and Agriculture Development (CEDLA) reported that Potosi Department is the nation's poorest, with 82 percent of households lacking even the most basic education, health, and housing services. In Potosi city, 46.7 percent of households do not have access to basic services. The rural inhabitants of the department are worse off, with 96 percent of households experiencing substandard living conditions. Of those who are economically active in Potosi City, 33.6 percent are self-employed, 13.8 percent work for others in the private sector, and 25 percent are employed by the state, in contrast with larger Bolivian cities, where the public sector employs only 14 percent on average. The report concludes that, because of these problems, Potosi Department has one of the highest emigration rates in the country. [La Paz HOY 20 Apr]

GOOD AGRICULTURAL YEAR, EXPORTS—According to the Foreign Trade Directorate of the Ministry of Exports and Economic Competitiveness, 1993 was a good agricultural year. Agricultural exports totaled $136.7 million from January to September 1993, compared to $83 million the previous year. Leading exports included soy flour, $26.1 million; nonconiferous sawn timber, $26.2 million; soybeans, $14.1 million; refined sugar, $12.5 million, shelled chestnuts, $9.5 million; raw cotton, $6.8 million; and cowhides, $5.9 milliion. [La Paz PRESENCIA 19 Apr]

Brazil

Government, Germany To Finish Angra-2 Nuclear Plant

PY2305145994 Madrid EFE in Spanish 2300 GMT 19 May 94

[Text] Brasilia, 19 May (EFE)—Today, official sources announced here that the governments of Brazil and Germany will continue the construction of the Angra-2 nuclear plant on the Rio de Janeiro coastline despite the protests of the Greenpeace environmental organization.

Mines and Energy Minister Alexis Stepanenko recommended to Brazilian President Itamar Franco that construction work, which was halted several years ago, be resumed at the Angra-2 site.

Three-fourths of Angra-2's construction has been completed, and the German Government and banks have offered loans to finance the remaining one-fourth of the project. Mines and Energy Ministry sources noted that it would be cheaper to complete the plant's construction than "to render the investments already made there useless." German Embassy sources noted that to backtrack at this point would cost as much as to finish the plant.

In light of the Brazilian commitment to make peaceful use of nuclear energy, reflected in a number of treaties recently ratified by Congress, the German Embassy has noted that the Bonn government is in favor of continuing the project.

Brazil signed an agreement on nuclear safeguards with Argentina. After approving some new amendments, it has also ratified the Tlatelolco Treaty, which proscribes atomic weapons in Latin America, and has agreed to

allow the inspection of its installations by the International Atomic Energy Agency (IAEA).

Minister Expects Trade With South Africa To Triple

PY2305145694 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 May 94

[Report by Claudia Moreira in Brasilia]

[Text] Following the end of the racist regime, the Brazilian Government expects to increase trade relations with the Republic of South Africa [RSA]. Before the consolidation of the democratic government of Nelson Mandela, relations between Brazil and the RSA were not very good because the Brazilian Government opposed the racist apartheid regime. Now that it is gone, it is expected that trade relations between the two countries will triple in the next five years. This was reported by Foreign Minister Celso Amorim:

[Begin Amorim recording] Without doubt, our trade potential with the RSA is very big. This potential was repressed on account of the sanctions against the RSA and our own opposition to the apartheid regime. Now, with a majority government and a fully democratic government elected by the people's votes, our expectations have improved enormously, mainly because the RSA's economy will undergo important transformations that probably will open new business opportunities. [end recording]

The Brazilian Government has invited RSA President Nelson Mandela to visit Brazil this year. The RSA Government however, has yet not officially confirmed Mandela's visit to Brazil.

Government To Negotiate With Canada on Dumping Charge

PY2405030294 Madrid EFE in Spanish 2236 GMT 20 May 94

[Excerpt] Brasilia, 20 May (EFE)—Official sources reported here today that the Brazilian Government will start negotiations with Canada regarding the alleged "dumping" (unfair trade practice) charges brought against Canada by the United States and Argentina concerning Canadian wheat sales to Brazil. The sources said Brazil plans to exhaust negotiations with Canada before proceeding to open a formal investigation.

The United States and Argentina have charged that the Canadian Government has subsidized its wheat and, therefore, its price has become more competitive than U.S. and Argentine wheat on the Brazilian market, which will need to import 5 million metric tons of wheat this year.

Brazilian wheat producers have demanded that the Brazilian Government investigate the charge that Canadian wheat might be subsidized.

A Brazilian Government official said: "We are going to exchange ideas (with Canada), but we do not intend to formally start an 'antidumping' investigation." [passage omitted]

Army Minister's Trip to Kuwait Linked to Arms Sales

PY2105002394 Sao Paulo VEJA in Portuguese 18 May 94 p 31

[From the "Radar" column by Ancelmo Gois: "Minister To Sell Arms in Kuwait"]

[Text] Army Minister Zenildo Lucena is scheduled to travel to Kuwait in June. He is going to lobby there for the Brazilian material industry, which has its eyes set on the billion-dollar Kuwaiti military reequipment program. Kuwait has become a promising market since the Iraqi invasion in August 1990.

Lula's Candidacy Said To Cause Drop in Debt Papers

PY2405022994 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 May 94 Section 1 p 8

[Text] On 18 May in Santos (Sao Paulo State), Alcides Tapias, president of the Brazilian Federation of Banks (Febraban), said Luiz Inacio Lula da Silva's presidential candidacy "may be one of the factors that caused foreign debt certificates to drop."

These certificates, which were issued by the Brazilian Government, have a nominal value of $100. On 4 May, they were negotiated for $74 and on 17 May their value dropped further to $67.

Tapias could not forecast the position banks will adopt if the certificates' value continues to drop. He said he has no data on the amount of these certificates still in the hands of the national banks.

Export Association Urges Senate To Pass Patents Law

PY2305145394 Sao Paulo AGENCIA ESTADO in Portuguese 1857 GMT 20 May 94

[Report by Tania Malheiros]

[Text] Rio de Janeiro, 20 May (AE)—Today, former Minister Marcus Vinicius Pratini de Moraes, president of the Association of Brazilian Exporters (AEB), announced that the AEB is starting a national campaign to make the Senate approve the new patents law. In his opinion, upon signing the GATT Uruguay Round accord, Brazil assumed international commitments "that now must be reflected in the country's laws on intellectual property." Pratini said: The draft law, which has been in the Senate for almost a year now, must now be approved so Brazilian commercial interests on the international front "will not again become the target of

threats of protectionist or retaliatory measures as a result of the isolated Brazilian position in the patents area."

Pratini reported that the executive branch has just submitted to the Senate new suggestions for amendments relating to the GATT agreements signed by the country and criticized the delay in resolving the issue. Because of this, he said, "in 10 years, China has already tripled its exports compared to those of Brazil." He added that, because of inadequate legislation, Brazil is already losing trade opportunities in the area of high technology, in addition to leaving itself open to trade sanctions, such as the case of newsprint from 1989 to 1991. These sanctions provoked a $300 million loss for Brazilian exports and the loss of markets, like that of the United States, which have never been regained." [quotation marks as received].

Pratini added that the AEB also is alerting the government about the problems a fixed exchange rate will cause for exporters. He said: "We pointed out the need to reduce some taxes bearing on exports as a way to compensate the Brazilian foreign trade sector for the losses it may sustain as a result of the freeze in the exchange rate during the initial stage of the real." In his opinion, the market recognizes that it is essential to have a fixed exchange rate during the first stage, but "the problems experienced with the Cruzuado Plan, which provoked a sharp drop in exports and a large increase in imports, must be avoided." Pratini added: "Both exports and imports must increase." AEB, which consists of 900 companies, accounts for 98 percent of Brazilian exports.

PT Government Plan Includes Jobs Program

PY2405024994 Rio de Janeiro O GLOBO in Portuguese 21 May 94 p 8

[Article by Luiz Augusto Michelazzo]

[Text] Sao Paulo—Presidential candidate Luis Inacio Lula da Silva's program to fight unemployment is ready. It contemplates creating 8 million new jobs in the next four years. The Workers Party (PT) leadership is keeping this program secret. It was prepared so as not to depend on legal or constitutional changes and use resources that already exist, although the PT leaders believe said resources have been badly distributed. The program, which is entitled "Impact Plan Against Unemployment," will cost nearly $25 billion. These funds will be obtained from social and constitutional funds in addition to budget allocations.

The plan is coordinated by Deputy Aloizio Mercadante and has been drafted by five economists linked to the PT. It is divided into three lines of action: the creation of jobs, assistance to unemployed people, and active job policies. The program will reassign funds from the Workers' Assistance Fund and the Severance Payment Fund, among others, to investment in the fields of civil construction, agriculture, agro-industry, and tourism. The PT economists believe these fields to be the most adequate ones for creating jobs.

One of the economists responsible for the program said: We will be using the funds that have financed the sugar and alcohol industry without ever benefiting those who work in the field better. They continued to be temporary workers, itinerant rural workers, and miserable.

According to him, the companies that evade taxes or do not transfer Severance Payment Fund contributions to the government will be left out of all benefits.

The idea is to create an data processing system that places information at the disposal of the Ministries of Labor, Social Security, and Health and makes it possible for these ministries to exchange data, thus revealing discrepancies.

The agricultural cooperatives, the labor cooperatives, and the micro enterprises, which are destined to absorb large contingents of workers, will be favored when funds are allocated. PT studies indicate that as a result of ever-increasing production automation, industries such as chemical laboratories and car-manufacturing companies no longer create jobs in Brazil. In view of their economic importance, however, these industries will not be abandoned.

The economist added: We believe there is a social emergency. If nothing is done in this regard, there will be 14 million unemployed people in the country in four years, and we will be sitting on a powder keg. He believes low-quality jobs must be created in massive numbers and at an speedy pace in order to absorb unqualified labor.

In addition to financing machinery and equipment for cooperatives, the program contemplates the establishment of enterprise nurseries, which are common in Italy and Spain; hangars equipped with infrastructure in which the micro-entrepreneurs do not pay rent and contribute to the government only by paying taxes on their activities.

Potential Losses From PT 'Threats' Outlined

PY2305143894 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 May 94 p B3

[From the "Wet and Dry" column by Joelmir Betting]

[Text]

Who Wins

From January 1990 to March 1994, the stock exchanges, which were refilled by foreign investors, have demonstrated that the Brazilian public companies, en masse, experienced the greatest benefits from private investments.

A Horror

During that period, the amount of state companies with shares listed on the stock exchange jumped from 29 to 46. Their total market value jumped from $10 billion to

$74 billion. And their participation in the value of all the negotiated shares increased from 22 percent to 56 percent.

Telebras [Brazilian Telecommunications, Inc.]

The apple in the eyes of investors then, Telebras's performance skyrocketed on the exchange floor: Its market value went from a feeble $470 million to a vigorous $13 billion. Did the Workers Party know about this?

Eletrobras [Brazilian Electric Power Company, Inc.]

Just as monopolistic as Telebras, Eletrobras also overcame its misery. During the same period, the value of its shares rose from $910 million to $14.5 billion.

Who Loses

The volume of Brazilian shares controlled by foreign institutional investors amounts to approximately $13 billion. If they decided to sell as a result of PT threats, the public companies' share value will suffer enormous losses.

Finance Minister Denies Aggressiveness Toward PSDB

PY2305165394 Sao Paulo AGENCIA ESTADO in Portuguese 2036 GMT 22 May 94

[Text] Brasilia, 22 May (ABE)—Today, Finance Minister Rubens Ricupero clarified his position regarding the PSDB [Brazilian Social Democracy Party]. "It was neither aggressive commentary nor political sociology," said Ricupero, who avoided repeating the criticism he made of the party. On 20 May in Porto Alegre, Ricupero said he was not campaigning for the PSDB because he is a critic of the PSDB, which he compared to "a gay who has not dared come out of the closet."

"I made a commentary in the hallway, but it was friendly," Ricupero said. This time he praised the PSDB cadres. According to him, Senator Mario Covas (PSDB-Sao Paulo) was the one who best interpreted his words. "I can only say that I made them in a friendly tone," he added. Ricupero recalled his comments often get out of proportion because he is a professor. "Professors tend to be dramatic."

Iris Rezende Chosen as PMDB Running Mate

PY2305144894 Sao Paulo AGENCIA ESTADO in Portuguese 2217 GMT 20 May 94

[Text] Sao Paulo, 20 May (AE)—Former Sao Paulo Governor Orestes Quercia, presidential candidate of the Brazilian Democratic Movement Party [PMDB], today met in his campaign headquarters with two incumbent governors and five former governors of his party to officially announce that Iris Rezende will be his running mate on the PMDB ticket. She is the wife of former Goias Governor Iris Rezende—both husband and wife have the same name. The ticket will be approved by the PMDB national convention to be held in Brasilia on 22 May.

Quercia said he chose Mrs. Iris Rezende because he was determined from the outset to have a woman as his running mate as a way of paying tribute to all Brazilian women.

Cardoso Takes Steps To Obtain Sarney's Support

PY2305144694 Sao Paulo AGENCIA ESTADO in Portuguese 2221 GMT 20 May 94

[Report by Guilherme Evelin]

[Excerpts] Brasilia, 20 May (AE)—Today, Senator Fernando Henrique Cardoso (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo] took another step toward obtaining former President Jose Sarney's support for his presidential candidacy. Deputy Zequinha Sarney (PFL-MA) [Liberal Front Party-Maranhao State), a son of Sarney, has been asked to join the political council of the "Union, Work, and Progress" coalition campaign. The coalition consists of the PSDB, PFL, and Brazilian Labor Party. As part of his strategy to earn Sarney's support, Cardoso is planning to announce soon his support for the continuation of the North-South railway project, an unfinished Sarney project. [passage omitted]

On 18 May, Cardoso and Senator Guilherme Palmeira (PFL-Amapa), the coalition's candidate for vice president, met at the plenary session room of the Chamber of Deputies with Deputy Roseana Sarney (PFL-MA), Sarney's daughter and candidate for governor of Maranhao State. She conditioned her father's group's support for Cardoso to a political agreement in Maranhao, where the PSDB is planning to enter into a coalition with Senator Epitacio Cafeteira (Popular Renewal Party), her opponent in the Maranhao gubernatorial race. [passage omitted]

Finance Minister Denies 'Campaigning' for PSDB

PY2305142794 Sao Paulo AGENCIA ESTADO in Portuguese 2215 GMT 20 May 94

[By Beatriz Abreu]

[Text] Porto Alegre, 20 May (AE)—Today, Finance Minister Rubens Ricupero responded to allegations that he is campaigning for the PSDB [Brazilian Social Democracy Party] by defending the economic program formulated by Senator Fernando Henrique Cardoso, the former finance minister and current PSDB presidential candidate. Ricupero said: "I am not campaigning for the PSDB. I am not linked to any party. Rather, I am a critic of the PSDB." He added that the "PSDB is like a gay who has not dared come out of the closet, as the Americans say. The PSDB has sometimes failed to assume its role."

Ricupero even compared the PSDB to the old UDN [National Democratic Union]. He said: "Although the PSDB has good members, it is, like the UDN, a center party despite their thinking it is a leftist party." He made these remarks with a broad smile while mingling with

approximately 100 businessmen at the Rio Grande do Sul State Federation of Industries (FIERGS).

Under the watchful eye of FIERGS President Dagoberto Godoy, Ricupero said he had "nothing against gays," and even confessed to having a "gay friend." He drew the above comparison in simple terms, and went on. He added: "No one can charge me with campaigning for the PSDB. My son, who is with the Workers Party, likes Antonio Gramsci," the Italian leftist ideologist. In his opinion, the electoral campaign is focusing on the personality of the candidates instead of on their government programs.

Ricupero, who also questioned the manner in which the electoral campaign is being conducted, said: "All we are hearing is that Cardoso is this way, while Lula is that way, but no one is talking about their programs." He added: "It is a mistake to believe we will be electing a president who will have powers similar to those of Juscelino Kubitschek or Janio Quadros. At that time, presidents had full powers." Ricupero said the situation "has changed radically, as we have a parliamentarist constitution for a presidentialist system."

Ricupero defended the parliamentary system. Without mentioning Cardoso's name, he said "the ideal thing" would be to elect a candidate capable of promoting alliances. "If the winner does not have a majority in Congress and cannot promote alliances, he will not be able to rule," he said. He cited the case of former President Fernando Collor, noting that "Collor did not manage to stay in power, let alone rule."

Poll: Lula's Lead Grows in Presidential Race

PY2005223694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 May 94 p A8

[Text] A Gallup poll conducted in the first fortnight of May shows that Workers Party presidential candidate Luiz Inacio Lula da Silva continues to lead the race for the presidency. With former president and incumbent Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] out of the race, Fernando Henrique Cardoso, who will stand as the Brazilian Social Democracy Party [PSDB] candidate in the presidential elections, is consolidating his position as runner-up in the public opinion poll. According to the Gallup poll, 38 percent of the people would vote for Lula while 23.5 percent would vote for Cardoso.

The survey, published exclusively by O ESTADO DE SAO PAULO, was conducted among 2,200 voters in 143 cities in 22 states between 3 and 13 May. This was before Sarney decided not to run for the presidency, but his name already had been crossed off the list of the possible candidates submitted to those polled. The survey shows that support for Lula's candidacy has increased considerably since he had 31.7 percent in April. Nevertheless, this support is still not sufficient to guarantee his victory in the first round of the election. According to the Gallup poll, Lula's opponents together garner 43.4 percent of the vote.

Cardoso's popularity has also improved a little. He had 20.2 percent in April. During a month in which he did not campaign and spent most of the time in Brasilia trying to consolidate the alliance that will field him as candidate, voters' support for him rose from 11.9 percent to 17.9 percent in the northeast. The main target of the alliance between the PSDB and the PFL [Liberal Front Party] is to attract votes from the northeast. Cardoso's candidacy is now weaker in the south.

Lula, who has been canvassing the country's interior for more than a year, fared best in the northeast, where 49.7 percent of voters considered him their choice for president. His weakest support was in the north and center-west regions, where he obtained 34.7 percent. It was precisely in those regions where Lula and his retinue spent more time on the stump. According to the Gallup poll, he now has 40.3 percent of the vote in cities with fewer than 10,000 inhabitants.

The other presidential candidates continue to fare poorly. They all obtained better results in the public opinion poll, but they still cannot muster 10 percent of the voters' support. Leonel Brizola (PDT) [Democratic Labor Party], Orestes Quercia (PMDB), Esperidiao Amin (PPR) [Progressive Renewal Party], and Flavio Rocha (PL) [Liberal Party] together got 19.9 percent of the vote. Unlike Lula, who entered an alliance with five small leftist parties, and Cardoso, who formed a coalition with the PFL and the Brazilian Labor Party, these four candidates will run for the presidency on their own.

Cardoso only outstrips Lula among voters in the higher income bracket: Within Class A, he received 49.9 percent of the vote and within Class B, 34.3 percent. He is at Lula's heels among voters who are older than 50 and fares better in medium-sized cities than big cities. There is a considerable number of undecided voters: 18.3 percent of voters still are undecided about who to vote for or do not like either candidate.

Gallup Poll Figures

Voters' Choice as President from a given list—in percentages

Candidate	Total	Male	Female
Lula	38.3	42.0	34.6
Cardoso	23.5	24.5	22.5
Brizola	8.7	8.0	9.4
Querica	7.1	6.4	7.8
Amin	3.4	3.6	3.2
Rocha	0.7	0.5	0.8
Blank/null/ nobody	11.3	10.7	12.0
Undecided	7.0	4.3	9.6

Class Candidate	A	B	C	D/E
Lula	19.8	29.6	41.6	41.9
Cardoso	49.9	34.3	23.7	14.9
Brizola	3.5	5.4	7.0	12.2
Quercia	2.3	3.8	7.8	8.6
Amin	5.9	4.3	2.7	3.2
Rocha	0.9	0.3	0.9	0.6
Blank/ null/ nobody	9.9	14.2	11.3	10.4
Undecided	7.8	8.1	4.9	8.2

Region/ Candidate	Southeast	South	Northeast	Center-west
Lula	35.2	35.4	49.7	34.7
Cardoso	27.0	14.8	17.9	28.0
Brizola	8.5	16.4	6.7	5.3
Quercia	8.2	5.2	6.0	6.2
Amin	2.2	13.6	1.2	0.4
Rocha	0.5	1.4	1.0	—
Blank/ null/ nobody	12.8	10.9	10.0	7.9
Undecided	5.7	3.3	7.5	17.5

CUT Elects President, Executive Committee Members

PY2305164394 Sao Paulo AGENCIA ESTADO in Portuguese 2135 GMT 22 May 94

[By Liliana Pinheiro]

[Text] Sao Paulo, 22 May (AE)—The Fifth National CUT [Sole Workers Central] Congress, which ended in Sao Paulo today, became a big party in support of PT [Workers Party] presidential candidate Luiz Inacio Lula da Silva. Officially, however, CUT will not support Lula, based on a vote by members from almost all the regions. Except for the "Workers Cause" faction, which accounted for less than 1 percent of representatives at the CUT Congress, the other leftist factions agreed to elect a single ticket, on which Vicente Paulo da Silva, also known as "Vicentinho," was elected CUT president.

The slogan at the plenary session was "Lula president, CUT independent." At the end of the congress the approximately 2,000 delegates signed a statement of support for Lula.

Lula will begin his campaign in the CUT grassroots on 23 May. Early in the morning, he will seek votes at the Volkswagen and Scania plants from a loudspeaker-fitted truck of the Union of Metalworkers of the Sao Paulo industrial belt. The CUT, as an organization, will not support him, but unions and leaders have been authorized to decide whether or not to use the CUT structure. Direct financial help was prohibited. The delegates did not approve the creation of a Pro-Lula Workers Fund, which was aimed at raising funds for the campaign, on behalf of the CUT.

The last day of deliberations was devoted almost entirely to political affairs and the designation of members of the single ticket. The executive board, with 25 full members, will have 14 members of the Coordination faction, which is the most moderate sector, to which Vicentinho belongs. The other posts were filled by members of more radical leftist groups: four from the Union Class Movement, two from the CUT grassroots faction, and two from the Unified Social Workers Party. The Work, Marxist Trend, and Socialist Force factions won one position each. The Coordination faction increased its participation with respect to the previous CUT congress, when 13 of its members were designated to the executive board. This will make Vicentinho's job easier because he intends to negotiate agreements for several sectors, based on the agreement reached in the car manufacturing sector.

Lula, who attended the closing reception, praised the new CUT president's willingness to negotiate. "The change has improved CUT," he said, adding that "Vicentinho conveys confidence to the public, and has the flexibility to negotiate and search for a consensus."

Chile

Minister Asks Army To Help Build Defense Policy

PY2305210794 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 23 May 94

[Text] Defense Minister Edmundo Perez Yoma has invited the Army to cooperate in building a national defense state policy.

He extended this invitation during a ceremony at which President Eduardo Frei Ruiz-Tagle decorated four high-ranking Army officers.

The chief of state awarded the President of the Republic medal to Brigadier Generals Rofolfo Sanchez, Juan Cheyre, Hernan Reyes, and Manuel Vitis.

The defense minister then addressed the event. He stated that nobody in the past few years has the moral superiority to judge the various governments of the past three decades. He said that the time has come to positively fill the gap that separates politicians from military men by building a state national defense policy.

[Begin Perez recording] The times of impositions are long gone. We do not believe in a formal subordination based on the authority of whoever signs a decree. We believe the subordination of military men to the political authority is the way a democratic society keeps a legitimate space to implement a military policy with full respect for the Constitution. [end recording]

President Frei earlier opened a seminar which dealt with emerging enterprises and the society of the future. He said the strategy of his government's productive modernization plan is to improve national enterprises, enhancing their international competitiveness.

Today President Frei met with Army Commander General Augusto Pinochet Ugarte who informed him of a trip abroad he will make soon.

Stange Denies Handing Over Carabineros Command

PY2305143294 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 21 May 94

[Text] General Rodolfo Stange travelled to the northern region of the country this afternoon. He delegated his duties to Carabineros Deputy Director General Fernando Cordero. Having arrived in Iquique this evening, Gen. Stange asserted that his relations with the government are normal.

Gen. Stange travelled to Iquique accompanied by his wife and retinue aboard a commercial flight. The defense minister had previously issued a brief communique stating that before leaving, Gen. Stange had officially delegated to the Carabineros deputy director general, General Fernando Cordero, all the power and duties that the Carabineros Organizational Law permits him. Following his arrival in Iquique this evening, Gen. Stange said that the issue of the command was not under discussion. He said:

[Begin recording] [Stange] I have not handed over command. It is one thing to delegate some normal duties, but quite another to delegate command. The command of the Carabineros is vested in the director general.

[Unidentified reporter] General Stange, how are your relations with the president of the Republic at present?

[Stange] Well, normal. Here there is no...[changes thought] There is no reason why they should have changed.

[Reporter] What is your assessment of the problematic situation you have had to face?

[Stange] In what sense problematic?

[Reporter] In the sense that you had to be on leave for a considerable period of time.

[Stange] Well, yes, I was on vacation.

[Reporter] [words indistinct] how do you evaluate the case of the murder of the three Communist leaders?

[Stange] That is another subject about which I am not going to comment; you are asking me questions I cannot answer, as this involves a lawsuit which is at another stage. [end recording]

Gen. Stange will stay in the northern region for approximately two weeks inspecting various Carabineros units. The trip is being made within the framework of a study he is doing to draft a plan to streamline the institution, a task entrusted to him by the defense minister.

Colombia

Polls Report Tie Between Pastrana, Samper

PA2405042294 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 23 May 94

[Text] In the final stretch of the election for a new president, the opinion polls are at their highest. The most likely candidates go up and down in the polls these days. The differences between them are minimal. Technically, there is a tie between Ernesto Samper and Andres Pastrana.

This station's opinion poll caused a surprise because it is the only one of five in which Pastrana is ahead of Samper. According to the poll, the conservative candidate has 47 percent of the vote while the liberal candidate has 42 percent. Today's poll is to be added to those of a few days ago, which report more and more contradictory results. On Thursday the National Consultation Center reported that Samper led Pastrana with 47 percent of the vote and that Pastrana had 40 percent of the vote.

EL TIEMPO yesterday reported to the National Consultation Center another poll, according to which Samper leads Pastrana by five points. EL ESPECTADOR, based on a Napoleon Franco poll, today put Pastrana at 38 percent and Samper at 43 percent. EL ESPECTADOR also reports that Antonio Navarro has progressed to 8 percent and Miguel Maza to 4 percent.

During this up and down movement in the polls, which had not occurred in previous campaigns, the only truly clear fact is that no one has 50 percent of the vote. In other words, the only clear fact so far is that there will be a runoff election.

Authorities Link 22 May Attack to Medellin Cartel

PA2405044194 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 24 May 94

[Report by Alvaro Ayala from the "24 Hours" Newscast]

[Text] Although authorities have not ruled out that the Guerrilla Coordinating Board could have exploded a car bomb [on 22 May] that killed six men in uniform and injured nine other people, the strongest theory is that this was a strike by the terrorist wing of the Medellin Cartel.

An official report states that after it was announced that Germany's Eintracht soccer team would play at the Atanasio Girardot Stadium intelligence organizations traced several telephone threats against this team, because the government of that country refused to grant asylum to the family of the late capo Pablo Escobar Gaviria

[Begin National Police Director General Octavio Vargas Silva recording, identified by caption] There were several calls. We are analyzing this and other information at our disposal and we will, in due time, issue a complete report on what really happened. [end recording]

The police in Antioquia Department were placed on maximum alert following the terrorist attack.

Paraguay

Romanian Prime Minister Signs Agreements

PY2305210494 Asuncion ABC COLOR in Spanish 22 May 94 p 12

[Text] The Paraguayan and Romanian Governments yesterday agreed to mutually promote and protect investments. Representatives of the two countries signed a document at Government Palace committing their governments to create conditions to encourage investments between the two countries. This is one of the main agreements between President Juan Carlos Wasmosy and Romanian Prime Minister Nicolae Vacaroiu.

Several documents were signed during the last day of the official visit by the Romanian mission. The documents refer to several bilateral projects between the two nations. The agreement for the promotion and protection of investments is based on the principle of nondiscriminatory treatment for investors, seeking to enhance bilateral economic prosperity.

The agreement was signed by Foreign Minister Luis Maria Ramirez Boettner and Prime Minister Nicolae Vacaroiu.

The two governments also established more fluid contacts seeking to work out a trade and economic cooperation agreement. The idea is to create more favorable conditions for the development of trade relations, economic cooperation, and to promote and facilitate the exchange of products and services in accordance with each country's legislation.

Ramirez Boettner and the Romanian foreign minister also signed a memorandum of understanding to establish consultation mechanisms on aspects of bilateral relations at the top Foreign Ministry level.

Other bilateral agreements signed refer to cooperation in science, education, culture, and sports.

The prime minister departed Paraguay at 1230 on 22 May. He was seen off by President Wasmosy, ministers, and military and civilian authorities.

Peru

Dire Conditions, SL Action in Huallaga Examined

94SM0349A Lima QUEHACER in Spanish Jan-Feb 94 pp 38-45

[Article by Juan de la Fuente Mejia, economist and expert on violence in the Huallaga Valley: "It Is Still Night in Huallaga"—first paragraph is introduction]

[Text] This article is part of a study that the Council of Projects for Latin American Refugees (CPRL) conducted between October and December of last year on forced relocations in the Upper Huallaga and Huanuco. It has observed from the Upper Huallaga that Shining Path (SL), far from being annihilated, is relocating to the provinces of Huanuco and Ucayali and to the Central Jungle. Since January, there have been several news reports of another relocation into the provinces of San Martin in the Mayo River Basin. Attacks on towns, executions of mayors and teachers, bloody ambushes, the shutdown of Huanuco university, and a great many disappearances tell us that the post-Shining Path era is a long way off there.

Several small children are playing war at six in the evening on a street in now deserted Uchiza. Most want to be the "firma" (the cocaine mafia); others want to be "cumpas" (Shining Path) or "colochos" (Colombians). The littlest one complains that he does not want to be the "moroco" or army, but he has to if he wants to play.

It seems that Abimael Guzman is playing a very weak hand in the Upper Huallaga and in the Department of Huanuco, but at the same time there are few signs that Shining Path is vanishing. At worst, a respite would diminish uncertainties. This would presumably be the last great Shining Path battlefront, where the ultimate outcome of this 14-year-old war would be played out.

The regional committee in the Upper Huallaga was never just another committee. Its establishment was a victory for the so-called "black line," spearheaded by Osman Morote, that opposed Abimael Guzman. Guzman did not want SL to move into an area that he regarded as a "rotten territory" which could easily contaminate his cadres and would be taken over only after SL controlled much of the country. At the Central Committee plenum that debated the issue, Guzman reportedly said that "the Indians will never understand Gonzalo's thoughts." The internal opposition retorted that this is what the "five golden rules" were for and that the party should not throw away the opportunities offered by the jungle.

This is why its existence was always a challenge to "Chairman Gonzalo's" authority and one of the reasons, aside from the historical ones, why it did not become the Main Regional Committee.

The valley had its advantages. It was the area with the fastest growth, the territory in which SL conducted its

principal experiments. The first "armed work stoppages" were decreed there, later to be conducted nationwide. The forms of organization for the "liberated zones" spread throughout its vast expanses between 1987 and 1990. SL did not even dream of trying these forms, which were developed according to theory and corrected in practice (such as the town delegates and the open grassroots committees), in Lima and other cities.

It was General Arciniega who altered the course of the war in the Huallaga Valley. He radically changed the strategy followed until then, which regarded SL, drug traffickers, and the peasants who grew coca leaves as a single military target, and he vied with SL for peasant grassroots support; he stopped cracking down on coca growing and tried to restore the people's trust in the military through assistance efforts.

These were not the only changes. When Arciniega assumed command of the Huallaga Front in 1989 after SL's bloody takeover of Uchiza, he shifted the center of operations from the north (Tarapoto, Juanjui, and the Mayo River) to the south, to the provinces of Mariscal Caceres (San Martin) and Leoncio Prado (Huanuco) in the Upper Huallaga.

His successors, Generals Chacon, Brito, and Hanke, moved the hub of operations back to its former location and made the crackdown on the MRTA [Tupac Amaru Revolutionary Movement] a priority. The upshot was a stronger SL that expanded into the province of Padre Abad (Ucayali), which borders the Huallaga.

In 1993, when it was certain that the MRTA had been broken up, the Huallaga Front moved its center of operations southward for the second time, whereupon it became obvious that SL was feeling the blows and starting to withdraw in several directions.

Its first move was towards the interior. Resigned to the fact that the blows to its "territorial networks" would be crushing, SL chose to shift its "mobile networks," that is, the units of the People's Guerrilla Army (EGP), into the jungle.

The other two moves have not represented much of an exodus, being more a combination of withdrawal and deployment. On the one hand, it has moved into the other provinces in the Department of Huanuco and, from there, via corridors, to La Libertad and Ancash; on the other, it has moved into the central jungle through Puerto Inca, Puerto Bermudez, and Codo del Pozuzo.

There were several reasons for this initial movement. First, the coca market crash has made the civilian population and the growers less dependent on SL. The chain reaction from this crisis pushed many of the social and economic players who had previously sought SL's help out of the area and left it with a smaller civilian population to vie for. Local observers note that paradoxically it would seem to be coca, rather than the army, that is getting the best of Shining Path.

The countryside is becoming depopulated through emigration. Most of the families that were lured by the coca boom to the valley from Huanuco, Pasco, Junin, and Ucayali in the 1970's and 1980's are going home.

Second, the aforementioned southward shift of the center of military operations is putting pressure on SL and forcing it to relocate further away from towns.

Third, the Armed Forces are following a somewhat different strategy vis-a-vis the civilian population: less of a presence in cities and medium-sized towns (Tingo Maria, Aucayacu, Tocache, and Uchiza) and a stronger role in rural areas and smaller towns, including civic action programs.

The role that the patrols played in defeating SL in the central highlands is not the same as in the Upper Huallaga. They are not very widespread there, and the army is having serious trouble organizing them. In the central highlands the patrols were formed using the structure of the peasant communities, which had to defend territory, internal democracy, and crops, among other things.

There are very few communities in the Huallaga, but another factor is even more significant: migration has made the area cosmopolitan, and owing to this development, combined with the weak sense of order and democracy and the coca market crash, the locals are uninterested in defending what they really do not possess or have ceased to possess.

Yankee Go Home

The old red graffiti can still be seen along the road from Tingo Maria to Tocache. They are from 1989-90: "Long live the MLM," "Yankee Go Home," "Long Live Chairman Gonzalo," "Finish Off the Great Leap With a Gold Seal." None refers to "defending the life of Chairman Gonzalo" or some other current issue. Shining Path is not writing graffiti anymore today, nor is it operating checkpoints along roads, nor does it control the small, remote coca-growing towns. Its favorite tactics are ambushes, executions, and a few raids into small towns. During the first 10 months of 1993 its ambushes alone took the lives of 24 army personnel.

It would be a mistake to conclude that SL does not retain some of its military reserves. The "main force," which the army itself estimated at 3,000 men, plus the "local forces" and the "base forces," totaled more than 6,000 men in 1989. Estimates are that these forces have declined by 80 percent over the last two years as a result of arrests, battles, desertions, and surrenders of reformed SL members. This means that SL would currently be able to mobilize 1,200 men, still a potent force.

Huanuco: Leave or Die

There are no graffiti, either new or old, in Huanuco, except for a few at the university. The SL's do not seem to do that kind of thing there. But a great many people

have been killed. Four university professors, two students, and the woman president of the mothers clubs have been slain in less than one year. A student and a leader of the SUTEP [Trade Union of Education Workers] were severely wounded. SL does allow itself certain luxuries there, such as its ambush of a patrol car in the downtown section of the city last September.

Since the SL regional committee in the Upper Huallaga decided in early 1992 to no longer consider Huanuco a transit point and temporary haven, the search for new "support bases" in the once placid city has turned violent.

Gonzalo's "red line" was in the majority until September of last year; its goal was to clear out the political scene until only it and the State remained as adversaries. This faction was presumably responsible for the attacks of recent years and executed about one well-known public figure a month. The capture of an SL commando group in the city of Huanuco last August was reportedly a severe blow to the Gonzalo faction, leaving it in the minority.

The other faction seeks to focus on government representatives. Its main goal is to pursue the tactics of the war of national liberation, which characterizes the faction of Osman Morote or the "former opposition" in the area.

Hermilio Valdizan University is reportedly the center of SL activity. Its objective seems to be to recruit and train cadres, using the university as a springboard for subsequent development in the slums. Whoever opposes this approach has two options: leave or die. Ten professors have left in response to threats, among them the former president of the region, Andres Avelino Caceres, and the dean of the Department of Administrative Sciences, Julio Tarazona Padilla, as well as the former president of the teachers union, Ruben Sachun, and the former president of the Women's Network, Denessy Palacios, among others.

Recent raids into the towns of Tantamayo and Monzon in September suggest that SL has again occupied the northern corridor of the Huanuco highlands, which it used from 1983 to 1988, its years of expansion. Supporting this deduction is the fact that the column which attacked Monzon (40 to 50 men in poor shape, with neither food nor clothing, with few supplies, many of them suffering from leishmaniasis) is the same one that raided Tantamayo.

This corridor extends into the Department of Ancash and presumably enables SL to help out its organizations in Huaraz and northern Peru, to remove its wounded, and to obtain supplies. In addition, it is probably using the corridor that runs from Uchiza through Tayobamba and Huacrachuco to La Libertad.

Ayacucho, Again and Again

Manuel Milla Pinzas, a former dean of the Bar Association and university professor, was killed by an SL commando group at the gate to the university campus at five in the afternoon last 4 October. One hundred meters away is the Cayhuayna police checkpoint, where there were more than 20 agents and one van. The commando group fled on foot towards Paucarbamba and vanished from sight 10 minutes later. Rosa del Aguila, the president of the Federation of Mothers Clubs, was slain two months before near Calicanto Bridge. She called for help and fought with her assailants, who left on foot, watched by two policemen standing guard at the gate to the headquarters of the Technical Police...less than 100 meters from the scene of the crime. Ayacucho 1980? Lima 1992? No. Huanuco in recent months.

Several mistakes in the strategy to combat subversion could have negative repercussions in the short term. In fact, they already have. Residents of the city are obviously jumpy, and the exodus of people could be followed by a withdrawal of the investments that have been trickling in for the past two years.

The military commands have allowed SL to start retreating into the provinces in the Huanuco highlands and into the city itself and to use the Huamalies and Huacrachuco corridors without much difficulty.

The Achilles' heel of the battle against subversion is the civilian population. In light of the difficulties it has had in organizing the patrols, the military command is resorting to territorial control, assistance, then neglect, and so on. But it does not stop at exclusion; it also cracks down. It would seem that beyond the sweeps, the mass control of the disadvantaged population, and whatever arrests it may make, the army has little to fall back on.

Over the past two years Huanuco has been the department with the most arrests and missing persons. The Human Rights Commission of the Constitutional Congress reported recently that in 1992 there were 144 disappearances, 132 of which are blamed on the army.

In 1993 there were 89 complaints filed, 32 in relation to army actions. From January to August of last year alone, the Ombudsman's Unit of the Attorney General's Office documented 38 missing person reports, most of them implicating troops from "Los Laureles" barracks in Tingo Maria. The problems are mounting because neither Tingo Maria nor Huanuco has a human rights commission.

Other key words for the Upper Huallaga and Huanuco that neither the government nor the military seem to understand are "development" and "social support." In a region in which the State has been clueless for the past 15 years and in which the absence of democracy is as obvious as the lack of jobs, markets, investment, education, and health care, the mildest antigovernment rhetoric will clearly work.

The strategy to combat subversion should take into account that the clearer the decline in the SL threat becomes, the more the State will again be the main target of discontent. A long list of problems persists in the Huanuco jungle and highlands: towns without electric power, communities in which 80 percent of the children suffer from leishmaniasis, villages without schools, harvests that cannot be taken to market because there are no roads, crops attacked by pests and blights, producers who cannot get loans, growers who want aid to replace their coca crops, people without jobs, displaced persons without homes, work, or hope. The National Compensation and Social Development Fund is not enough. What is needed is public and private investment, credit, an expansion of the agricultural frontier, and the promotion of output and jobs.

Expanded assistance is oh so far away from the Huallaga and Huanuco!

[Box, p 41]

The Guerrillas Wear Blue Jeans

The members of Shining Path in the Upper Huallaga are more cosmopolitan and frivolous and less ideological. Unlike the militant Maoists from Ayacucho, the SL people in the Huallaga have little political and ideological motivation.

We should bear in mind that the area does not have a tradition of political confrontation (which Ayacucho does), nor is there a deeply rooted political culture, nor are there elites or parties that are even halfway organized. So, during SL's peak years you could see militiamen and activists wearing blue jeans, Hush Puppies shoes, and University of Oklahoma sweatshirts, something that would have been unlikely in other areas, even the hot ones.

SL has gained little from its 10 years in the valley. Unlike in the highlands and the Andes, it built its relations with the people in the Huallaga Valley on the defense of coca growing, not on the assertion of any ideology.

This link is becoming weaker and weaker, because there are fewer coca crops and less drug trafficking, which will likely wind up being insignificant. The reason for its success will eventually turn out to be the reason for its failure. In the long run, the coca growers and gangland kingpins will wind up using Gonzalo's men. Perhaps this is why Abimael Guzman, who is not much of a populist, opposed the opening of this front, inasmuch as a future alliance with Huallaga society did not depend on his forces.

But what is easily conquered is easily lost as well. None of the mass organization arrangements that SL developed is working today: neither the grassroots committees nor the militias nor the groups they created. In a place where it was very easy to move from being a small-time trafficker to a militiaman or from being a coca grower (or else a producer of cocaine paste) to a delegate, it is also very simple to return to one's former activity, or to emigrate.

These factors are also affecting SL. Most of its members no longer want to be involved in the war. They are fleeing, preferring not to become reformed terrorists. Some come to Lima, others to Pucallpa and from there to Brazil, to Manaus or Cruzeiro, where SL's, MRTA members, grassroots leaders, and peasants accused of terrorism have gathered to live. The more than 100 members who turned themselves in in January were probably not commanders or activists; they were likely residents of the former support bases, militiamen, or collaborators with the organizations they created.

SL is presumably trying to follow the coca route or move alongside it. This is the reason for the attack on the Ashaninkas, which was probably an attempt to clean out the area. Everyone knows that coca is moving east and south, from Puerto Inca to the central jungle. The Codo del Pozuzo, which was once a ranching paradise, is part of the new scene of the coca-SL-war symbiosis. In the jungle SL is fated to wander around after the coca growers and drug traffickers from valley to valley, no longer as a political and military force that aspires to take over the country but as part of an apparatus that protects the former from the State.

[Box, p 32]

The Long Tocache March

Driven by the need for territorial domination, Shining Path structured the life of the drug traffickers and each of their "firms." It did so as only it knows how. One fine day it issued a decree, the most noteworthy points in which were:

a. Cocaine is for overseas consumption, and domestic use is punished. The watchword was: "The spider does not consume its own poison."

b. Defend the right to plant coca shrubs and to work and prevent the eradication projects from destroying the crops. The watchword: "Yankee Go Home."

c. The "firms" could not have more than four foreigners. The purpose of this was to stem the invasion of Colombians and stave off their violent activities. They stated that Colombian men married to Peruvian women would be given preference in remaining here.

d. The "traqueteros" (the people who drove through towns and along roads on motorcycles buying the packages of cocaine paste) had to be Peruvian.

e. All sales and "flights" (shipments of cocaine paste to Colombia) had to be carried out in the presence of the SL delegate. The slogan: "The Party has a thousand eyes and a thousand ears."

Many people's disbelief was dispelled when, two weeks after SL issued its "edict," it dragged four Colombians out of the "Porkis" discotheque in Uchiza and slit their throats.

SL's first advance guards arrived in the valley seeking jobs as coca harvesting laborers, the lowest rung on the coca ladder. During the first stage, from 1983 to late 1984, Shining Path focused on emphasizing its message to the people (the tactic of developing bases). In July 1984 an emergency was declared in the zone, and the military crackdown forced SL to retreat. The military campaign, which did not distinguish between targets, helped to bolster its ties with the civilian population. SL did not waste the opportunity and took charge of administering justice and daily life in the mid-sized towns that were flourishing because of coca and coca-dollars. It dealt with marital conflicts and land disputes and enforced penalties for minor offenses. Theirs was not a public takeover but rather a surreptitious presence in civil society, a silent alliance in which at that time SL was the major beneficiary.

The second stage, from 1987 to 1991, was marked by SL's intensive and extensive deployment. During it SL scored its biggest successes. It dealt head-on blows to the State and easily took over towns, causing the police to flee from many spots, never to return; it set up checkpoints on roads and charged tolls to enter certain towns.

SL was able to move in rapidly because its advance guards were not the first to shatter law and order in the Upper Huallaga. When they arrived, people in the Peruvian jungle did not ask who was armed but instead who was not.

The local "mafias" had been armed since the mid-1970's, first to defend themselves against gangs of assailants and later to enforce the law of silence by assassinating mayors, governors, and newsmen. When Gonzalo's hosts arrived, many of the towns scattered about the valley had no authorities, and the locals lived in fear of abuses by the "mafias."

The jungle needed its own brand of law and order, and SL was the right policeman for the job. "Coca" and "cocaine," not "eradication," enjoyed the broadest consensus in the zone. In keeping with the classic literary theme, SL sold its soul (ideology) for life (territory). The key word in this alliance was not "socialism," "equality," or "revolution," but rather "protection." It was the only SL front in which ideology did not come first and foremost.

SL gained nothing other than the physical territory that it controlled and the social oversight that it exercised. It could never command the economy, and the only time that it tried to, in 1988 when it decreed a strike in Uchiza and outlawed the coca harvest and the sale of cocaine paste, it met with defeat when the coca market shifted to the Lower Huallaga and the peasants rioted.

Export Leader Criticizes Anti-Inflation Policy

94SM0348A Lima QUEHACER in Spanish Jan-Feb 94 pp 57-61

[Interview with Eduardo McBride, president of Exporters Association, by Manuel Castillo Ochoa; place and date not given: "We Need a Different Economic Program"; first paragraph is QUEHACER introduction]

[Text] Adjustment fatigue seems to have hit high levels. The dollar is still low and exports have not taken off. In discussing this difficult issue and other related matters, the president of ADEX [Exporters Association], Eduardo McBride, calls for a change—going from a monetary peg to an exchange peg; says there will be an initial cost—a rise in inflation; and calls for economic consensus, the basis for political consensus. His controversial statements follow.

[Castillo Ochoa] Unlike the flight of capital from Latin America in past years, we have recently seen an influx of capital from abroad—much of it short term, or "rolling stone" capital, including in our case the repatriation of Peruvian capital. This has kept the dollar low and prolonged the exchange arrears. This tends to favor imports at the expense of exports. What should be done to turn these trends around?

[McBride] One consequence of a structural adjustment, anywhere in the world, is that in the first phase there is a combination of exchange arrears and high interest rates.

These two elements are very directly related. So we need to attack the exchange rate directly or attack the interest rate indirectly. Obviously, that cannot be done in the short term. But since this process began in August 1990 and so far has had no positive consequences, we believe that both phenomena—the rise in interest rates and the exchange rate arrears—have had too high a cost for the adjustment process. We think this could have been done very early—during the program's first phase, and even up to December 1993.

Now we have reached the conclusion that if we continue to maintain the same economic policy we are not going to achieve greater progress with either the interest rate or the exchange rate.

We know there are factors affecting the exchange rate, like "rolling stone" capital. Much of that capital, about $250 million a month, comes from Peruvian businessmen who started to return in 1990, either to strengthen their companies, improve their technology, or simply to maintain some level of activity and avert bankruptcy. I personally believe a third of that capital is coming in for speculative purposes.

We have heard of Peruvian promoters and bankers who have encouraged the influx of all this capital from abroad, most of which—I believe, though I can not give you a percentage—is Peruvian capital.

[Castillo Ochoa] We can understand the reasons for this influx of foreign capital and repatriation of Peruvian capital: economic liberalization, reduction in the price of the dollar, interest rates higher than international averages, etc. But it is detrimental to exports. How do you exporters see the solution?

[McBride] We know the economic program has helped us with the readjustment. Inflation has been reduced, and we even had some growth in 1993, though more for temporary than structural reasons, I believe. So it has had some good points.

But if our primary goal is the nation's development, and secondly, for exports to be the fundamental factor driving this development, then we need another economic program.

[Castillo Ochoa] And what might that be?

[McBride] That economic program has two key elements. The first is to change the monetary peg which we have had until now, which affects the Central Reserve Bank's monetary policy.

By reducing the money supply and applying strict fiscal discipline, expressed in a national government budget, satisfactory results have been achieved in fighting inflation. But that is not an essential factor now. We need a peg linked to the dollar.

[Castillo Ochoa] Going from a monetary to an exchange peg?

[McBride] Right. But it cannot be done overnight. And here is the second aspect. As nobody has a magic wand and can say exactly what is going to be done, we have to sit down to talk during the first six months of 1994. People from professional associations, from the universities, from technical economic institutions, associations involved in exports, people in the government. Sit down to think about how the exchange policy can be modified, since there are certain commitments from which we cannot be released—with the World Bank and the International Monetary Fund—and they will affect our decisions.

We have to talk about how far we can change specific elements, in a gradual way, so the export sector will really provide the basis for economic development. Not because I say so, but because that is what the government itself is proposing now.

What bothers me most is that the people running the government, the government leaders, talk a lot about exports as the nation's factor for development, while in practice they work against the companies involved in exports.

[Castillo Ochoa] But will going from a monetary peg to an exchange peg cause inflation to heat up once again??

[McBride] Yes, in the first phase it would have a cost. I will not deny that. There was an initial cost in 1990 when the monetary peg was created, when we moved from 300 percent peak inflation in one month.

But then the great opportunity for an exchange peg was lost. Well, there is no point in bemoaning that. Doing so now would have an initial cost, of course: a rise in inflation. But I think that can be absorbed. What we propose is to bring everybody together so that cost, which is going to come about in any event, will **ultimately** produce collective benefits.

I believe that factor, that search for dialogue, the appeal to all the technical people, might be a starting point for an economic consensus that can later be transformed into a political consensus. There is no political consensus unless there is first an economic consensus. That is essential.

[Castillo Ochoa] That sounds very good. But specifically, now that we have touched on that issue, one thing concerns me. You are talking about a national political consensus, an economic consensus. But some sectors have the impression that Peruvian businessmen are not investing because they do not want to. A little while ago the historian Pablo Macera said that. And President Fujimori repeated it. Is it true that they are not investing? There is great uncertainty about business behavior, which would make any consensus difficult.

[McBride] I am going to quote something said by Juan Antonio Aguirre of CONFIEP [National Confederation of Private Business]: "The business community today is in a state of ferment." He said that in the sense of innovative dynamism. It is not only investing what it has, but what it does not have. As a consequence of the structural adjustment, the business community has lost a great deal of its assets. The export sector, at least, has lost its credit capacity. We are no longer very profitable for banks. The export business is not very profitable. The Office of the Superintendent of Banks now demands very strict loan guarantees. We constantly have fewer loan guarantees to offer to the banking system to be able to recover our credit. But even with that deterioration, we are making use of the opportunities and the knowhow we have.

I could give you many examples, like the investments in asparagus, the interest of foreign investors in the quality of our skills and the qualifications of our labor, unlike other regions such as Africa, which are suitable for growing asparagus, but where they lack the technical skills and labor capacity that we have in Peru.

The conditions are right in Peru, and we Peruvians are investing. I myself am investing in land in San Lorenzo for mango exports. In the past we bought all our mangos from farmers and processed them. Now we are entering a new phase and I think that just as we are investing in agricultural exports, a great deal is also being invested in other fields (textiles, metal, and mechanical products).

[Castillo Ochoa] President Fujimori spoke of both foreign and Peruvian investors and compared them, calling upon national investors to follow the lead of foreign investors.

[McBride] Foreign investors have a great public image. They are talked about a lot, but we Peruvians invest every day to keep business going. We put our money where our mouth is, as the saying goes. A large part of the capital influx from abroad is from Peruvians who are investing, reconverting, keeping their businesses going, and that is also investment.

Let us not disparage ourselves. Nobody talks about us in the newspapers. But we invest every day. When we buy Peruvian products, we are investing. When we process products, we are investing. When we sign a contract for a new unit, we are investing, not just in machinery but also in new jobs. That is not reported in the newspapers, it is not added in, no records are kept, nor is there an economic unit or office in Peru that keeps track of this activity.

When we train our employees and send them to take courses at ESAN [School of Business Administration], at IPAE [Peruvian Institute of Business Administration], or at CEADEX [expansion not given], who knows about that? Nobody. Foreign companies have an image, they make more noise; then they sell. They invest 200 million in five years. We invest 200 million in a single year. That is the truth.

[Castillo Ochoa] There is an idea that businessmen have been receiving the benefits of a number of different economic incentives. You had been receiving the Certex [Export Certificates]. Now you want a "draw back."

[McBride] We are trying to get a tax rebate now. That is clear and specific. Why? For a principle that is generally accepted all over the world: that taxes are not exported. That prevails in Chile, Colombia, the United States, Europe, and Japan.

As we pay a single direct tax, we are at a disadvantage in relation to this general principle of market competition.

[Castillo Ochoa] The government says that its model treats all economic agents the same, that no agent should have prerogatives over another. They should compete efficiently and let the market decide.

[McBride] That is not entirely true.

[Castillo Ochoa] Why?

[McBride] Because, for example, in tax legislation people who invest in tourism are exempt from the minimum income tax. However, at this time it would cost us exporters 2 percent, unless we are buying new machinery. In that case, we could deduct something.

[Castillo Ochoa] There is not equal treatment for all economic agents?

[McBride] Until 31 December there seemed to be equal treatment. But now we have learned that until that date reinvestments in the mining sector were completely tax-free. The industrial sector did not have those incentives, nor did the fishing or service sectors. And now they have been eliminated for mining.

I think that in terms of promotion, incentives, leadership, orientation, there is instability and total confusion. We know this.

We, as industrialists and service exporters, are not interested in hurting mining reinvestments. I am not going to say: listen, why give that to him and not to me? But on 31 December the mining industry was also stripped of its incentives. That seems ridiculous to me. Now they are not giving incentives to mining, to industry, to fishing, to services, or to anyone. There is really no organization.

Still, tax legislation to stimulate tourism has come out. That seems welcome and excellent to me. And the tax on unimproved land was removed, and some other advantages were devised for the construction sector. That seems good to me.

It seems good that there is movement in the direction of saying: this year we are going to develop our economy, starting with construction and tourism. But why did they not do this with the export sector two years ago? Now it would be leading the nation's development.

[Castillo Ochoa] You say that as a national development goal proposal.

[McBride] It is. We need a real and integral development plan, which is being denied for totally dogmatic reasons.

[Castillo Ochoa] But would not this call for a change or modification in the economic program mean tossing overboard what has been done on exports since 1990?

[McBride] I would never support sacrificing economic stability, the adjustment, and the reduction of inflation for some vague benefit. But we should start to think—as Dornbush said in his speech at Catholic University—that continuing to insist on reducing inflation is absurd at this time. I believe that what we need to do is reactivate the economy through exports by resolving the exchange arrears problem.

Venezuela

Democratic Action Party Votes To 'Exclude' Perez From Party

PA2205035294 Caracas Union Radio Network in Spanish 1100 GMT 20 May 94

[From the "180 Minutes of News" Newscast]

[Text] The National Executive Committee [CEN] of the Democratic Action [AD] Party this morning decided to exclude—listen carefully: it decided to exclude, which is

not the same as to expel—Carlos Andres Perez, and it urged the National Directors Committee [CDN] to issue an opinion on the case. Maria Lilibeth Aponte has the story:

[Aponte] Following a seven-hour debate, which ended after 2300 on 19 May, the AD CEN decided to exclude former President Carlos Andres Perez from the party. Some 21 [number as heard] CEN members voted in favor of the move, seven voted against it, and three others voted for another proposal. The decision was made after AD Secretary General Luis Alfaro proposed the enforcement of Article 134 of the AD statutes. This article stipulates that a lack of moral values or ethics is a serious offense and can lead to the permanent expulsion of any member who commits one of the crimes listed in the Public Patrimony Safeguard Law [ley de salvaguarda de patrimonio publico], regardless of whether a domestic court has tried him.

Two-thirds of CEN members were required to vote in favor of this decision because Perez was a CEN member. Although the word expulsion is stipulated in Article 134 of the AD statutes, Secretary General Alfaro noted that the former president was excluded, not expelled, from the party. The CDN will review the CEN decision before making a final decision on the case.

[Begin recording] [Alfaro] The statutes stipulate two actions.

[Unidentified reporter] Could you expand on this? [words indistinct]

[Alfaro] There are two actions here. The CEN lacks the authority to expel, but it can make exclusions. The CDN, which will make its own decision in due time, is the body that decides whether to expel. [end recording]

[Aponte] Lewis Perez, Aristides Hospedales, Adelso Parra, Pedro Tabata Guzman, Oscar Celli, Humberto Celli, Miguel Otero, Ixora Rojas, Liliana Hernandez, Carlos Calachin Mata, Armando Sanchez Bueno, Octavio Lepage, Lilia Arvelo, and Luis Beltran Vallejo all voted in favor of the AD secretary general's proposal. Pedro Paris Montesinos, Claudio Fermin, Hector Alonzo Lopez, Aura Loretto de Rangel, Luis Emilio Rondon, Antonio Ledezma, and Luis Pinerua Ordaz voted against it. Meanwhile, union leaders Gaston Vera, Cesar Gil, and Federico Ramirez Leon proposed the temporary suspension of Perez, thereby failing to compromise their votes.

AD Deputy Requests Dismissal of Alfaro

PA2405043794 Caracas Union Radio Network in Spanish 2200 GMT 22 May 94

[Report by Cecilia Cayone from the "Union Radio News"]

[Text] Democratic Action [AD] Deputy Hector Alonso Lopez today requested that Luis Alfaro Ucero be dismissed from the secretary generalship. Here is Cecilia Cayone with a report:

[Begin recording] [Cayone] AD leader Alonso Lopez made the announcement during a news conference he called to explain the reasons for his request.

[Alonso Lopez, in progress]...so internal party elections are convened to elect Claudio Fermin as new AD secretary general. I see the Carlos Andres Perez case as the lethal weapon Alfaro Ucero is wielding to dash Fermin's hopes of becoming the new AD leader [words indistinct]. The real problem here is that Alfaro Ucero wants to perpetuate himself as leader and does not want to give Claudio Fermin an opportunity. Alfaro Ucero is spreading rumors that Claudio Fermin is the candidate of Carlos Andres Perez, thus seeking to divide AD between Perez supporters and opponents, between corrupt and honest people. This is unacceptable.

[Cayone] Deputy Alonso Lopez also underscored that, according to reports available to him, there is a plan brewing in AD to expel him, Claudio Fermin, Luis Emilio Rondon, and Antonio Ledezma. Asked about the possibility that Alfaro Ucero may refuse to resign, Alonso Lopez replied:

[Alonso Lopez] Some day it will be written that Luis Alfaro Ucero founded AD and ended up burying it.

[Cayone] Alonso Lopez added that he will make a formal request to dismiss Luis Alfaro Ucero from the secretary generalship during the National Directors Committee. [end recording]

Central Bank Sets Exchange Rate

PA2405045494 Caracas Union Radio Network in Spanish 2200 GMT 23 May 94

[From the "Union Radio News" newscast]

[Text] The Central Bank of Venezuela will set the official dollar price according to supply and demand to eliminate the current auction mechanism. This will also allow the bank to eliminate distortions in the price of U.S. currency.

A mechanism for foreign currency exchange based on the real needs of the market will be implemented to replace the auction. The Central Bank of Venezuela will return to the single and floating exchange rate system, eliminating the 0.20-bolivar differential between the purchase and sale price. This new system is intended to eliminate the parallel market. Here is an excerpt of statements by Jose Bouza Izquierdo, National Banking Council president:

[Begin Bouza recording, in progress]...in other words, it will not be a mechanism like those that have existed so far. It will be based on real market prices. The dollar will cost what it must cost to guarantee that those who need

dollars to continue operating can obtain them. The difference is that this will not be an auction based on average prices; the banks will make offers based on prices.

Later we will provide official information about the operational details of this mechanism, which will be worked out today. [end recording]

Juan Tomas Santana, president of the Banking Association of Venezuela, insisted that the authorities are trying to perfect the system of [words indistinct] dollars for the commercial banks.

[Begin Santana recording] [Words indistinct] that is why this is not being implemented. We don't know....[pauses] We want to implement this as soon as possible, but we cannot set an exact date. It must be done as soon as possible, because we want to clear up the market and allay the fears of the production sector, the general public, and the media about the auction mechanism. We want to eliminate those doubts, and it must be done as soon as possible.

If this mechanism proves ineffective, it will be corrected along the way. There is nothing perfect on this earth. [end recording]

This new mechanism of granting [word indistinct] to banks is also aimed at meeting the demand of the country's production sector, which, according to reports, has been seriously affected. More details will be given in the next few hours on this new scheme of foreign currency exchange.

Congress Passes Credit Law Allowing Pay Raises

PA2105151594 Caracas Union Radio Network in Spanish 2200 GMT 19 May 94

[From the "Union Radio News" newscast]

[Text] During a joint session, the legislative chambers have approved the law on public credit requested by the executive for a sum exceeding 156 billion bolivares.

[Reporter Cecilia Cayone] The only thing pending now is for the executive to adopt the necessary procedures to implement this so that public employees may receive the salary increase ordered by former President Ramon Jose Velasquez. Gustavo Tarre Briceno, chairman of the Chamber of Deputies' Finance Committee, said that the National Congress made only a small change to the law submitted by the executive.

[Begin Tarre recording] The only modification made by the National Congress to the executive's request was to grant 300 million bolivares to programs for Lake Maracaibo's eastern coast bearing on the (?survival) of that area. Some 60,000 people, living with the danger that the dike could break, have to be relocated. Although that program requires a lot more money than that, the Congress made this contribution. This decision, in conjunction with assistance already rendered and that was budgeted for next year, should resolve once and for all the problems affecting a region whose petroleum riches contribute the largest percentage of Venezuela's budget. [end recording]

[Cayone] By the end of this month or during the first quarter in June, public employees will be able to begin collecting their salary increase.

Traffickers Move Operations to Amazon Regions

PA2105024794 Caracas EL NACIONAL in Spanish 17 May 94 p D9

["Exclusive" report by Ramon Meneses from Puerto Ayacucho]

[Text] DEA [Drug Enforcement Administration] reports on the increasing use of Venezuela as a bridge for drugs have revealed that the "doors" also open to the south, specifically in the Amazon and Apure regions, a high-level police official has reported.

"This situation has been getting more serious every day. In past years, the drug barons, who were operating in neighboring Colombia, have transferred all their laboratories to areas in the Vichada and Guainia regions. It has been easy for them to work in those secluded areas because the presence of security forces is sparse there," Venezuelan intelligence officials have pointed out.

People know about the groups in Puerto Ayacucho but they move very cautiously due to the [words indistinct] with the movement of money and weapons. Many people have reported encountering drug traffickers when they are working in the Amazon region. Drug traffickers reportedly have opened roads in the Montana Fria, Rueda, and Garcitas areas, to the south of Puerto Ayacucho. They also reportedly opened another road in the northern area, very near Puerto Paez, to take advantage of Puerto Carreno and other Vichada towns.

A prominent National Guard official, who has been working against drug traffickers for several years, has reported: "People don't talk about them because they fear retributions, but seeing how the drug traffickers are increasing their ties in the region and apprehensive that their quiet existence in the Amazons may turn into violence like in Colombia, they are now cooperating and we have been informed of the drug traffickers' paths in the south."

The Road is Free on the Colombian Side

Due to the freedom they have on the other side of the Orinoco [Colombia], Venezuelan authorities can do little about the presence of the drug traffickers on the Venezuelan side. The drug traffickers control entire towns in the neighboring country and authorities do not get close, sometimes due to fear and at other times due to compliance with the illegal activity. "Things are so serious that on one occasion we arrested a Colombian citizen who had a large amount of drugs on him in Puerto Ayacucho

and we were surprised to find out that he was the top police official in a town close to the Amazon capital city. How can you fight this?" the official asked.

The Orinoco is a long fluvial highway, through which Venezuelan authorities, by an agreement signed with Colombian authorities, are able to transit freely. They did not consider that international right today would cause a serious problem on that bordering and depressed region where drug traffickers have set up their headquarters and where they secure allies in all the sectors of the, up until now respectable, community.

Enrique Betancourt, one of only two native governors that region has had in all its history, and one of the few strugglers against that scourge said: "When I was governor I ordered measures against all the drug traffickers' fronts, because I knew that it [drugs] was filtering through the weak and scarcely guarded border. Unfortunately my administration was short-lived, however, during those months not one act of violence took place in the state and not one case of kidnaping was reported, as is happening today, he noted. This scourge has been spreading its evil on several fronts of our community, from which officials of the security corps and officials of the governorship do not escape."

Betancourt said: "It is of no avail to report personal incidents linked to drug trafficking if a stiff and courageous response does not exist by those in charge of enforcing the law. These individuals, most of them from Caracas, become powerful lords based on false promises, a position from which they manipulate and operate under their superiors' complaisant gaze; this is also a crime," the former governor of that Amazon region stressed.

Four Suspected Medellin Cartel Members Detained

PA2305185494 Caracas Union Radio Network in Spanish 0200 GMT 22 May 94

[From the "Union Radio News" newscast]

[Text] Arrest warrants have been issued against four alleged members of the Medellin Cartel, who were recently detained by the National Guard. The arrest warrants were issued against four alleged perpetrators of drug trafficking based on Article 33 on the Basic Law on Drugs and Psychotropic Substances and on Article 83 of the Penal Code. The arrest warrants were issued via the 48th Court and the First Criminal District of the Caracas Metropolitan Judicial District, which is headquartered in Los Cortijo de Lourdes.

Reportedly, this particular branch of the Medellin Cartel is using this nation as a bridge for drug trafficking to Europe and North America. Colonel Jairo Casimiro Coronel Figueroa, National Guard director of efforts against drug trafficking, identified the detained suspects as Ruben Dario Pelais Munera, German Perez Zapata, [name indistinct], and Luis Fernando Martinez. Meanwhile, [words indistinct] Carlos San Vincens Clavera were released. These last two had been detained for questioning. It was also learned that these four individuals will remain at the Judicial Detention Center in Las Flores, Catia.

First Attempt To Privatize Aeropostal Fails

PA2405042194 Mexico City NOTIMEX in Spanish 0915 GMT 21 May 94

[Text] Caracas, 21 May (NOTIMEX)—The first attempt of the administration of President Rafael Caldera to privatize Linea Aeropostal Venezolana (LAV) failed yesterday when four consortiums rejected the conditions set forth for its sale, Abdon Vivas Teran has reported.

According to Vivas, president of the Venezuelan Investment Fund (FIV, the organization in charge of privatizations), American Airlines, Continental Airlines, Aces of Colombia, and a local finance company refused to participate in the purchase. In the opinion of these four companies, the base price of $450 million established for Aeropostal does not reflect the value of its assets. Vivas explained that although the consortiums expressed interest, they noted that its overvalue [sobredimensionamiento], its excessive number of retirees, the currency devaluation, and social instability are factors that must be assessed before making the purchase.

Vivas's statements at a news conference following the opening of the envelopes containing the consortiums' bids, suggest that they apparently requested, among other things, a reduction in the more than 3,000 employees of Aeropostal, the country's third largest airline. They also asked the government to guarantee currency stability, a negotiation of the number of retirees, and the "excessive social benefits" granted to Aeropostal employees.

The FIV minister-president said that the proposals of the consortiums interested in purchasing Aeropostal will be analyzed next Monday. He added that the Caldera administration will not budge in its effort to privatize state companies.

Caldera, who assumed the presidency in February, plans, within his economic stabilization program, to privatize six hotels this year and a similar number in 1995, as well as tourist services, Aeropostal, and electricity companies. According to FIV estimates, the sale of at least 13 companies, which should yield $1.8 billion to the state, will start this year.

The center of the privatization process is the electricity sector which involves the transfer to private hands of the main electricity plant and three distribution networks that represent 88 percent of the revenues that the Executive Branch is expecting to receive. The remaining funds will come from the sale of the "La Rinconada" Racetrack, a milk factory (Indulac), Aeropostal (the third largest airline based on operations), ports, and six hotels rated as five, four, and three stars.

According to FIV figures, 36.3 percent of the revenues will be used to pay for the costs of the privatization process. The other 63.7 percent will help ease the serious fiscal deficit of over $4.5 billion, which represents more than 6 percent of the $63 billion GNP.

The sale of the stock of the national telephone company privatized in 1992 that is still in state hands (49 percent) is scheduled to take place next year and this will produce revenues of about $7 billion.

The privatization process started in Venezuela in 1989 as part of a plan to liberalize the economy and it yielded revenues of $2.6 billion as of 1993. Eighty percent of those revenues were used to cover the fiscal deficit.

Special Police Unit To Face Street Problems

PA2405045394 Caracas Union Radio Network in Spanish 2200 GMT 23 May 94

[Report by Vicente Briceno from Miraflores Palace from the "Union Radio News" newscast]

[Text] Interior Relations Minister Ramon Escovar Salom anounced the creation of a specialized police unit within the Metropolitan Police to face street disturbances. The interior relations minister explained this unit will not be independent from the police. However, he continued, it will be formed by agents who will receive special training to handle demonstrations, because the riot police equipment gear is currently insufficient.

Escovar Salom stated this decision was made because the government will no longer tolerate violence, where buses are burned down and store windows broken. He stated his opposition to police using their fire power in student distrubances, but he also opposed street disturbances without controls by authorities.

[Begin Escovar Salom recording] Demonstrations must be conducted by observing a particular behavior. I explained to student leaders that they must carry out their actions peacefully; I asked them to assist not only the government but also Venezuelan society.

Regarding firearms, I don't think anyone in Venezuela wants to see police using their firepower irresponsibly. Therefore, we must observe certain principles. The police weapons are called regulation weapons; they can only be used in keeping with police regulations. Now there must be a specialized and trained corps to fight street disturbances. [end recording]

Escovar Salom termed the rumors of his alleged resignation from the Ministry of Internal Relations mere speculation. He reported he will soon present before Congress the Bill replacing the Law on Hoodlums and Thugs, which has been in force in the country since the times of former President Eliazar Lopez Contreras.

Finally, Escovar Salom reiterated categorically the government will use the public force to prevent the food boycott of Caracas, planned by a group of union members of Inerca [expansion unknown] who oppose the restructuring of Coche Market by an intervention board.

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